26th May, 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 Wednesday, 21st May, 2025 to discuss Q4 & 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: 2025.05.26 14:08:52 +05'30'

Prakash Makwana
Company Secretary

Encl.: As above

Arvind SmartSpaces Limited

Q4 & FY25 Earnings Conference Call

May 21, 2025

Moderator: Ladies and gentlemen, good day, and welcome to Arvind SmartSpaces Limited Q4 FY '25 Post Results Earnings Conference Call. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Sharma from Adfactors PR. Thank you, and over to you, sir.

Amit Sharma: Thank you. Good afternoon, everyone and thank you for joining us on the Q4 and FY '25 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 disclosures is available on the Investors section of the website of Arvind SmartSpaces Limited, as well as on the stock exchanges. Please do note that anything said on this call that reflects the outlook towards the future, which would be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company possesses.

I would now like to hand over the call to Mr. Kamal Singal for his opening remarks. Thank you, and over to you, sir.

Kamal Singal: Thank you. 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 fourth quarter and full year ended March 31st 2025.

Let me share brief thoughts on the sector.

India's real estate sector is being catalysed by a growing appetite for home ownership. The distinctive and consistent feature of India's real estate market uptrend is premiumization, a steady rise in average ticket sizes and per sq. ft. realisations, and a clear shift in buyer preferences for larger, better-designed residences. With additional launches moderated, supply matched by demand, home inventory levels are at their lowest in the recent past.

The Union Budget 2025-26 has further reinforced the structural theme around real estate, with a substantial allocation toward infrastructure and urban development. These investments are expected to improve connectivity and unlock new residential corridors. Complementing this, the RBI reported an ~11% year-on-year growth in home loan disbursements in 2024, with total credit reaching ~Rs. 29 lakh crore, largely driven by first time homebuyers, a segment that continues to gain strength.

The enhanced sectorial buoyancy is creating a favourable environment for developers offering the right product in high potential micro-markets. Within the sector, branded developers with strong balance sheets and design premiumisation competencies appear competently placed to address emerging opportunities. The competencies we aggregated during the last several years have matured; the opportunities in our business landscape appear larger than ever. The combination of the two, organisation competence and opportunity vastness, provides us with a multi-year performance visibility.

As a company, we had another strong year with several key milestones achieved across bookings, collections, and business development. I am pleased to share that we achieved our highest ever annual sales bookings, reaching Rs. 1,271 crore, a 15% growth over the previous year. It's encouraging to see how well our projects are received by homebuyers, especially in newer micro-markets. Projects like Aquacity and The Park have performed exceptionally well, contributing 67% to the total booking value for the year. Bengaluru continues to be a key growth driver, contributing Rs. 474 Cr, or 37% of our annual bookings. Our annual growth in bookings, while being the highest ever, was impacted by the delay of 2 of our launches in Bengaluru due to a delay in approvals. While these launches will add onto our numbers in FY26, these launches happening in Q4 FY 25 would have helped us maintain our growth trajectory of 25-30% in annual bookings.

During Q4 FY25, we registered bookings of Rs. 381 crore, up 18% from Rs. 323 crore in the same quarter last year. A key highlight of the quarter was the launch of 200 units at 'The Park' in Devanahalli, Bengaluru. We are happy to report that the entire inventory was sold out during the launch, reflecting the strong demand and positive response from Bengaluru homebuyers for Brand Arvind.

The company is being recognized as among the thought leaders in urban life quality; for developing 'Designed to Inspire' homes. Our customers have become our biggest marketing agents and this is evidenced by referral bookings number, which is at 22%.

I am pleased to share that we sustained business development momentum during the year, securing projects with a total top line potential of ~Rs. 4,450 crore across key markets of Ahmedabad, Bengaluru, and the Mumbai Metropolitan Region (MMR). In Q4 FY25, we signed a new residential plotted development project in Ahmedabad, spanning 150 acres, with a projected top line potential of ~Rs. 600 crore. Last two years reflect an orbital change in the Company's Business

Development numbers and we look forward to build on this momentum in line with our growth objectives.

Now moving to the financial highlights. The size and scale of P&L has grown significantly during the year. During the full year we reported revenues of Rs. 713 crore a growth of 109% on a year on year basis. EBITDA for full year stood at Rs. 196 crore up by 130% and PAT stood at Rs. 119 crore a growth of 133%. In Q4 we reported a revenue of Rs. 163 crore, which were up 39% year-on-year basis. Q4 EBITDA grew by 57% on a year-on-year basis to Rs. 45 crore and PAT for the quarter grew 12% year-on-year basis to Rs. 22 crore.

Our Balance Sheet remains strong, as we continue to scale our operations. As of 31st March 2025, our net debt stands at Rs. 27 crore. During the quarter operating cash flows amounted to Rs. 60 crore and Rs. 337 crore during the full year ended march. We estimate an unrealized operating cash flow exceeding Rs. 3,975 crore coming from the current pipeline of projects. This is expected to realise within 3-4 years.

As a company, the focus always remains on shareholder value creation and I am happy to share that the Board of Directors have recommended a final dividend of Rs. 6/- per equity share of face value of Rs. 10/- each. This marks three consecutive years of dividend distribution.

Looking ahead, from a sectorial point of view, mortgage interest rates are likely to remain stable with a downward bias following a reduction in interest rates across the Indian economy. This is likely to catalyse the demand for homes addressing mid- to high income segments. In view of this and other factors, the sector is poised in the midst of a long-term upcycle, with structural drivers outweighing short-term fluctuations. We continue to remain optimistic about the demand environment and are well positioned to further deepen our presence in the key markets of Gujarat, Bengaluru and MMR. The company expects that its strategic blueprint drawn around accelerated growth and enhanced liquidity will deliver strong outcomes in the coming year.

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

Moderator: The first question is from the line of Amit Srivastava from B&K.

Amit Srivastava: Sir, I have a couple of questions. One is to start with we have almost like unsold inventory of Rs. 1,400 crores plus and around Rs. 8,300 crores yet to be launched projects, which is in the pipeline. So can you give us some idea that what is the plan for the FY '26 to be launched in terms of the value and region wise?

Kamal Singal: Yes, sure. So in the current year, we expect to launch projects worth Rs. 4,000 crores as fresh launches. And this will broadly include Rs. 2,000 crores coming from Bangalore, Rs. 1,000 crores each from MMR and Ahmedabad.

Amit Srivastava: So this is incremental, sir, Rs. 1,450 crores is unsold, which will be there?

Kamal Singal: Yes. So this will be additional launch, yes, over and above Rs. 1,500 crores.

Amit Srivastava: Okay. Okay. And in terms of, sir, project-wise, if I just see that one of the projects like Forest Trails, we launched a year ago and which received very strong response. But after that, it was moving slow in terms of booking. But in Q4, we have seen a good jump in the projects. So can you elaborate on what has changed in that project? Have you launched any new phase of that? Or what has changed?

Kamal Singal: Sarjapur Forest Trails. Okay. Great. So Sarjapur, we launched. Of course, we discussed last time as well that this was one of the projects which saw great traction initially and then sustaining sales has been comparatively slower as compared to the rest of the portfolio that we've had.

But we have taken some steps and sales momentum is now looking to be coming back. In fact, there have been healthy sales which have happened in the last few weeks. Q4 actually has been pretty healthy. If you see the numbers and breakup, I think we sold more than INR140 crores worth in Q4 itself in this project. So it has come back on very healthy tracks and things are moving.

Amit Srivastava: So we have changed anything in this project or it is the demand has come back from the market automatic?

Kamal Singal: A lot of this has to do with the actual progress on the site, kind of rejuvenation of the overall campaign and better explaining the overall value proposition, doing slightly better job of operations in terms of furnished sample house, etc. So it's not one thing that we can highlight in particular.

But because we took this as a project in terms of improving sustained sales, I think multiplicity of various things and initiatives that we would have taken have resulted into this very significant momentum actually. I mean Rs. 140 crores in a quarter is pretty healthy in that sense. But no change in product per se.

Amit Srivastava: Okay. In terms of collection also, we have seen, again, this year, we have maintained a very good collection, which is if we look at from presales ratio, it is upward of 70% plus and which we are continuing since last 3, 4 years. Can we expect this momentum to continue in the coming years for the next couple of years given our share of plotted and horizontal is still higher, and this will change after 2, 3 years down the line once the project will shift towards the vertical side of the project?

Kamal Singal: You're absolutely right. The momentum right now continues and the ratio of cash collected to overall sales, etc, is very, very healthy. This is going to be sustaining for some time for sure. We remain heavy on horizontal and horizontals are also considered and kind of positioned in a way that a lot of cash upfronting is happening in our case, in our portfolio. So as compared to industry, this trend will continue, and we'll still weigh heavy on horizontal and continue to weigh heavy as compared to industry averages.

But having said, as we discussed last time as well, we will be moving more towards vertical going forward. To that extent and to that limited extent, some sort of moderation will come because that is a different business model that we are talking about. But yes, I mean, as such, it will continue and moderate slightly in the coming years as we take up more vertical within the portfolio.

Amit Srivastava: Okay. And last question, sir, how is the execution is progressing across key projects? And as the presales continue to scale up across the portfolio, so what are the steps we are taking to ensure execution keeps the pace, particularly in terms of construction ramp-up, contractors in terms of the delivery time line to maintain?

Kamal Singal: Construction is moving very healthy. We completed construction at Belair, which is one of our biggest high-rise in Bangalore. So there, we received OC, etc, and now handovers are happening. Similarly, we've handed over a significant number of villas at Forreste, Ahmedabad, and we continue to do that. Similar is the case with Uplands.

We have had some very good progress at Uplands 2 and 3. So all in all, execution is heading full steam. And we obviously are taking quite a few initiatives in augmenting our execution capabilities, which includes upgrading the scale and size of our contractors, beefing up the organization structure in general.

Now there is a structure which is more city-centric and more empowerment and delegations have gone into local level management, etc. At the same time, overall bandwidth and systems are being upgraded. We've gone through a very interesting and very exciting program to upgrade our ops monitoring piece within the system, which is underway. We have done 70%, 80% of the job that we are supposed to be doing under that initiative. It's about to be concluded. But this is a combination of managerial IT and system support, etc.

So all in all, I think on the quality of vendors, quality of systems, SOPs, controls, softwares, all this put together is something that makes us believe that we are preparing ourselves upfront in taking up newer and higher challenges on execution. And as we speak, we are in a pretty decent situation on execution across projects.

Moderator: The next question is from the line of Shreyansh Mehta from Equirus.

Shreyansh Mehta: Sir, first, any clarity on our Surat project when we plan to launch that, number one? Number two, in terms of our Mumbai project, which we had signed last year, can you give some highlights on how we would like to price it in terms of -- and even in terms of pricing as well as product launch since this will be our first project launch in Mumbai. So if you could provide any flavor on that?

Kamal Singal: Sure. So Surat, I think we discussed last time, last investors call that we've had that this project shifts by a couple of quarters. I think we are broadly at the same place. And we are hoping that we should be able to resolve everything which is involved in this case, a lot of approvals, large project, 300 acres, etc. It's taken more than anticipated. But I think what we communicated last stays as it is. A couple of quarters means by next quarter, we should be in a position to launch this project, and we are working towards that.

Coming to Mumbai, yes, this is a very unique product we'll be bringing at the size and scale that City has seen very, very few times, if at all. Pricing and everything and details on that are still being worked out. Product has evolved already in a very significant way. Quite a few levers are already pressed on approvals, etc. Maybe we are midway already. And it's on track to be launched this year as such. So maybe by the start of next con call, we will be in a better position to tell you specifics on pricing, etc.

But overall, the market has seen a very healthy trend. Whatever objectives we have set as a business plan while we acquired this project are all expected to be met and prices are only better than what you would have otherwise assumed. So all in all, a good news and a good situation to be in as far as Mumbai entry is concerned.

Shreyansh Mehta: Got it. Sure. Sir, and one more clarification. In the opening remarks, you said that probably we'll intend to launch Rs. 4,000-odd crores, of which Rs. 1,000-odd crores would be from Ahmedabad. So I'm presuming one would be Surat and it would be in phases. The second could be the plotted or the new projects which we signed in Q4 this year?

Kamal Singal: Yes. So Gujarat in general will be -- when we say Ahmedabad, basically, we mean Gujarat, yes, of course. So this will be basically 3 projects. One is the new plotting that we acquired last quarter. And then we will have industrial projects getting launched this year and of course, Surat. So all these 3 put together will be in excess of Rs.1,000 crores to be launched.

Shreyansh Mehta: Got it. Got it. Got it. Sure. And sir, in terms of new BD this year, any guidance which you would like to provide?

Kamal Singal: So last 2 years, we were like Rs. 4,000 crores last to last year, Rs. 4,450 crores last -- I mean the year we just went by March '25. And this year should be more like Rs. 5,000 crores. We are in the process of investing now from here onwards, Rs. 1,000 more crores after having invested whatever we invested in last couple of projects. In fact, it was a heavy deployment year for us last year. We deployed significant money in projects like Mankol, the plotting that we just mentioned and also the industrial one.

But having done that, we got Rs. 1,000 crores more in terms of fuel to invest. Including all that, our estimate is that we should be able to add around Rs. 5,000 crores thereabouts this year as well as new BD.

Shreyansh Mehta: Sure. And sir, one last question from my side. In terms of our P&L reporting, this quarter, the employee cost as well as the other expenses seem to be on a higher side. So how should one read into it?

Kamal Singal: So this year has also been a year where we've invested significantly in terms of systems, processes, etc, to prepare ourselves for the higher bit of challenges and orbital change, which is coming our way. We've employed some of the top-notch consultants who are helping us define our objectives, define our org, define our SOPs, etc. So we've gone through a very, very elaborate exercise for the company as a whole. Those expenses have also kind of shown up in the numbers. From a small base, these numbers are not too insignificant and they are not significant as well, but they are reasonable.

And hence, the expenses are looking a little higher than normal. Generally, the expenses are range bound, and they are as per what they should be and what we've been showing in the past, barring these exceptions of upfront investments into some of these very important assignments that we've taken up in the last couple of quarters.

Shreyansh Mehta: Got it. So broadly speaking, 25% to 30% remains intact in terms of margins?

Kamal Singal: Yes, margin, EBITDA level 25% is something that we always say, plus/minus 2% keeps happening from project to project and from period to period. But 25% is pretty much intact. And even these smaller aberrations that we just mentioned, they do impact a quarter because those expenses get bunched up in a particular quarter. But 25% on an average margin in the project portfolio that we have right now is absolutely on track.

Moderator: The next question is from the line of Dhananjay Mishra from Sunidhi Securities.

Dhananjay Mishra: And congrats on very strong operating performance. So just one question, given our launch pipeline and the BD target, so what kind of presales number we are looking for next 2, 3 years in terms of growth on this Rs. 1,270 crores base?

Kamal Singal: So it's a great question to ask. We know that we should have done a little better on fresh sales if we had not missed our couple of launches, which have shifted into the coming quarters, this and the next one. That means that there will be some pent-up happening in the coming quarters and for this year as a whole.

If we had launched these couple of things which are generally delayed on account of approvals, last year, we would have easily met our general impression of achieving something like 25% to 30% growth in the fresh sales, and that's what we have been achieving consistently the last several years.

Now I mean, obviously, the BD pipeline, acquisition pipeline, etc, is pretty healthy. This pent-up will happen. And hence, we think that in a block of 2 to 3 years, we can count from previous year or this year or whatever way, we should be able to achieve and continue to achieve 25% growth put together between the 2 years as such.

Dhananjay Mishra: And which all projects or phases you expect this year definitely will be launched?

Kamal Singal: So the launch pipeline per se is across all these 3 cities. We have, for example, Bannerghatta high-rise project, ITPL high-rise project, Orchards, a plotting project. We have a project in Bangalore on Sarjapur Road and Airport Road. All these are lined up to be launched in Bangalore. This totals up to around Rs. 2,000 crores and that too only for the phases that we'll be launching. We are not even counting the entire project per se. What we tell you is number of launches will be for the relevant phases only. So this is Bangalore.

Gujarat, we just touched majorly 3 project launches, industrial, Mankol plotting in Surat adds up to Rs. 1,000-odd crores. And remember, obviously, Pen Khapoli, we've already announced. Pen Khapoli top line is more like a Rs. 1,500 crore project, but the phase should be half of that. So we add around Rs. 700 crores there.

And we are hoping that at least one Society redevelopment should be getting into our portfolio very soon, extremely advanced stages of everything being done. We are waiting for one last milestone to be achieved. But otherwise, we are very close to announcing that project as well. So that should also get launched this year. So this is broadly the launch pipeline for the year, adding up to some like Rs. 4,000 crores.

Moderator: The next question is from the line of Ritvik Sheth from One Up Financial.

Ritwik Sheth: Sir, a few questions from my end. Sir, firstly, is the confidence of the higher launches in current year due to the sharp increase in the investment that we have done in the current quarter? So is it heavy on the approvals that we have invested in Q4 FY '25? That is what is giving us more confidence to launch projects worth Rs. 4,000.

Kamal Singal: So, I mean, it's a function of 2 things. One that we slipped on a couple of launches last year. So, obviously, they are getting added into this year. That is for sure happening. And obviously, after having delayed for the kind of time that they are delayed, I mean they will, in any case, happen. Plus, we have been acquiring quite a few projects.

So if we announced Rs. 4,100 crores of BD last year, it has to start coming into the portfolio and launching, etc, this year. And that's what's happening. That's what is happening naturally. So it's a combination of very clear focus on approval, of course. We know that this is one area we need to be having very, very sharp focus on. But at the end of the day, whatever we acquired in terms of new projects last couple of years, almost like Rs. 8,000-plus crores put together have to start coming into the portfolio, and that's what is expected to happen.

Just for your understanding, while the previous year and last year -- last year and previous to last year, we've acquired Rs. 8,500 crores of fresh BD. While we have kind of sold only Rs. 1,270 crores, say Rs. 1,300 crores odd this year and launches are also not that big.

So to assume that we'll be launching Rs. 4,000 crores out of Rs. 8,500 crores that we just added last 2 years is a reasonable assumption with reasonable conservatism as well, so to say. So this is something which is a very natural progression of launches given the BD that we've done in the last few years, 2 years maybe.

Ritwik Sheth: Sure. And sir, on BD, if you can just touch upon what kind of projects we are looking to acquire like in terms of horizontal, vertical and geography preference now that we are in 3 states. So geography-wise and horizontal vertical, if you could give some sense on that?

Kamal Singal: So, I mean, we've already stated that we will bring about a little more kind of rationalization into our product portfolio. So we will be investing a little heavier in vertical projects that gives a little more stability to the numbers and execution, etc. That's one. That essentially means that our investments in Bangalore will go up.

In our portfolio, in vertical specifically, Bangalore makes more sense in terms of bottom line as compared to what they do in Ahmedabad. And hence, when we say we need to do more vertical, it essentially means that we need to do more vertical in Bangalore.

On an overall basis, the ratio possibly of investment will be more like a 2:1:1, 2 being Bangalore, being Ahmedabad and another one being Mumbai. And that's how we are looking at it. That should broadly be the case. So if it's Rs. 1,000 crores, it should be more like Rs. 400 crores to Rs. 500 crores going into Bangalore and Rs. 250 crores going into Mumbai and Ahmedabad. These are broad. I mean, project acquisition is something which can take any bulge depending upon what kind of project we come across, what is the excitement about that project, how big a sense it makes in terms of overall bottom line growth, etc.

We are a company, we are very clearly focused on cash flows and profitability. We chase growth with profitability. And hence, to that extent, an exciting project coming in any of the market, which otherwise fits our strategy, we are flexible about it. But as a stated objective and kind of goal that we are chasing, investment should be more like 2:1:1.

Ritwik Sheth: Okay. And sir, for Rs. 5,000 crores, you will spend Rs. 1,000 crores this year?

Kamal Singal: Correct. To create Rs. 5,000 crores. This year, the total investment cycle is supposed to be Rs. 1,000-odd crores.

Ritwik Sheth: Okay. So if we just look last 2 years, we have acquired approximately Rs. 8,500 crores, and we have spent close to Rs. 750 crores or Rs. 800 crores approximately in these 2 years for land payments and approvals related. So sir, does this mean that we are going to acquire more like ownership projects rather than asset-light? Or how do we look at this?

Kamal Singal: So absolutely right. We have been very heavy, extraordinarily heavy on JDs in proportion last couple of years. That has been the strength, and we'll continue to build on that. But having said that, there will be at least 2 moderation in our portfolio. One, as we just discussed that we'll be a little more heavy on vertical as compared to what we were in proportion. The other obviously will be slightly more outright purchase projects in proportion to the JD/JV deals that we've been doing in the past. So that is something which will happen and hence, these ratios.

But having said that, combination of JD and JV put together with outright purchases, Rs. 1,000 crores should ideally be giving us a little more than Rs. 5,000 crores. Any combination of that should be more like Rs. 6,000 crores, Rs. 7,000 crores. On a conservative side, we are saying that we are keeping a target of around Rs. 5,000 crores with Rs. 1,000 crores total deployment, which includes outright and JDs.

Ritwik Sheth: Got it. And sir, what would be like the sources of funds, A, we have internal accruals; B, we have some room on leverage going up. So if you can just give us bucket wise, earlier you mentioned we have sources of funds from internal accruals, increasing debt and then the fundraise potential also. So if you could just touch upon that as well.

Kamal Singal: So I think broadly, I mean, we'll still figure this out and tell you exact numbers as we go ahead. But Rs. 1,000 crores should broadly be coming from 3 sources, equally distributed, give and take, Rs. 25 crores, Rs. 30 crores here and there between the internal accruals, the debt to be raised and the fresh equity. So equity could be QIP, pref or whatever. But all these 3 should be broadly equivalent, plus/minus, Rs. 25 crores, Rs. 50 crores here and there. But these are the 3 sources broadly contributing equally in the coming year, adding up to Rs. 1,000 crores.

Ritwik Sheth: Got it. And sir, would you like to give any guidance on the OCF for FY '26? This year, we have dipped slightly, but still healthy at 25%, 28% on presales. So would you like to give some guidance on that?

Kamal Singal: So of course, we have been very healthy last couple of years, 3 years, maybe a little bit of too much happening on that account in the last couple of years. But it's going to remain very healthy. And we are hoping that we should once again be kind of aiming Rs. 300 crores, Rs. 350-odd crores of free cash flow this year.

Moderator: The next question is from the line of Amit Agicha from H.G. Hawa.

Amit Agicha: Congratulations for a good set of numbers. So did I hear this correct, like you're saying Rs. 1,000-odd crores would be the capex, which will be like part internal part debt and part equity, which will give us a target revenue of Rs. 5,000 crores?

Kamal Singal: Yes, correct.

Amit Agicha: Yes. So this is a target for which year, for how many years?

Kamal Singal: So this is this year. So in next 3 to 4 quarters, we are hoping to deploy Rs. 1,000 crores additional in new projects.

Amit Agicha: Okay. And sir, besides that, can you elaborate the pricing power and average selling price trends in top selling projects?

Kamal Singal: So generally, if you're asking specifically about our price vis-a-vis the competition next door. So we have not yet tested ourselves in the market of Mumbai, but we sure with the kind of experience we have and kind of product that we are trying to bring in Mumbai, Mumbai has to get exposed to something very different when it comes to weekend homes.

There are great products and projects available already there, but the kind of size and scale that it can absorb in our understanding has not been served. And hence, this will be something that will be very interesting to experience and take forward. There are no benchmarks or trends available for us at least.

Ahmedabad, we clearly have an edge on pricing for anybody, I think we clearly lead the market when it comes to pricing the horizontal projects. We clearly have a lead of around 20%, 25% premium that we charge for every project that we would have launched in the same micro market.

Bangalore, we are very in the top bracket. So a branded player, if a branded player like any of these 4, 5 big ones that we are talking about is at 100%, we'll obviously be 95% to 100%, while the local ones could be something like 80%. So if branded guys are commanding premium to the extent of 20%, 25%, maybe we will be just about there or a couple of percentage points here and there. That is where we are on the vertical ones.

On horizontal, on a net-net realization basis, I think we are up there with the top 5 developers who would be doing horizontal in Bangalore. So we are up there. There is no discount. If the locals are supposed to be 70, these branded guys are 100 and we'll be 100. That's how it happens in horizontal in Bangalore.

Amit Agicha: And sir, besides that, sir, are land acquisition costs rising in markets like Bangalore and MMR?

Kamal Singal: So what exactly is the question, land pricing as compared to...

Amit Agicha: Acquisition cost, you will be acquiring land and -- like or you are going to redevelopment?

Kamal Singal: So land acquisition cost, land acquisition is one of the strengths that is the most important strategic pillar. Our land sourcing in industry possibly is the most efficient. This is one fact that we always boast about, and this is acknowledged by industry in general. That is why our margins are much more consistent and healthier as compared to most of our peers, cost of construction and sourcing of land. Obviously, we price as per market. There, when it comes to the local players, obviously, we are much higher, but that's not something that we should be focusing on.

We are up there when it comes to pricing vis-a-vis the branded competition that we talk about in the similar ranges, etc. But the real profitability and the real trigger of cash flows and returns, etcetera, comes from the fact that our land sourcing has been very efficient and our cost of development has been quite competitive. But I think a significant portion of the margins or the extra margin that we are able to earn historically in the last 10 years have come from comparatively more efficient sourcing of land.

As you could see that in terms of the kind of margin we are able to generate from projects like Greatlands or Orchards or now The Park coming to Ahmedabad kind of margins that we would have earned at the Aqua City or Fruits of Life, Rhythm of Life, Uplands as for that matter, High Grove, etc. I think land sourcing is one strength which helps us in achieving what we have been able to achieve in terms of profitability.

Amit Agicha: If I can ask one more like how do you assess the contribution of plotted developments versus vertical housing in future launches?

Kamal Singal: So horizontal has gained significant traction post COVID. And I think, in fact, we, as a company, have a very strong belief that this trend is here to stay. People know the value of having a weekend home, having a home which is a little away, both as first home and second home for cities who have battery infrastructure of having a home which is first home, but half an hour away from the city is also feasible.

Ahmedabad survives and thrives on that, where the first homes are 15 kilometers extra, maybe 20 kilometers extra, but that just means 20, 30 minutes extra over and above what they would have otherwise been spending, reaching offices, etc. So this trend is clearly here to stay. The proportions are reasonable today. But in our understanding, this market has already become very reasonable in size, and it's only going to be growing from here. And we clearly have a lead in terms of capabilities to develop, define and deliver these kind of projects on a very large scale. We've got many projects are 100, 200, 300, 400, even 500 acres now, and we've been delivering these consistently. In our understanding, it's a very exciting ever-growing segment from here onwards.

Moderator: The next question is from the line of Ronald Siyoni from ICICI Securities.

Ronald Siyoni: Congratulations on healthy presales growth. One of my first question, sir, would be on the Bangalore projects, which you had mentioned. So they total to around Rs. 1,500 crores. So is there any H1 are you planning to acquire and launch during the FY '26, which totals to around Rs. 2,000 crores?

Kamal Singal: So Bangalore, even the current broadly done up things are adding to Rs. 2,000 crores odd.

Ronald Siyoni: I think, Bannerghatta and ITPL is around Rs. 1,000 crores Rs. 400 crores and Rs. 600 crores.

Kamal Singal: So around Rs. 1,200 crores are coming from what is already signed and done, which are under approval and around Rs. 700 crores to Rs. 800 crores are coming from new projects and the pipeline we are creating right now. So all in all, yes, this will be Rs. 2,000 crores in total put together between what is already done and what is about to happen.

Ronald Siyoni: Okay. You mean sustenance plus new.

Kamal Singal: No, these are fresh launches we are saying. This is a value of fresh launches worth Rs. 2,000 crores. This is not about fresh sales. This is about what inventory we are making available for the sales team to sell.

Ronald Siyoni: And just on the time line, like as you had previously mentioned that Bannerghatta may slip to Q1. So are we on track with respect to Bannerghatta getting launched in Q1? And if possible, you can give some time line for other launches, maybe, say, quarter 2 or H2 of this year?

Kamal Singal: So all in all, this is a broad number. Bannerghatta, we have almost reached the very last stages of approvals. So it should happen this quarter or maybe latest next quarter, hitting the market, etc.

But if you want to really go through more details of quarter-wise breakup of all these launches between Bangalore and Gujarat, I'll encourage you to get in touch with Vikram post this call, and he'll take you through a little more granularity of how and when everything is expected to happen.

Ronald Siyoni: Okay. And sir, lastly, on the redevelopment piece, like you would be venturing into this. So generally, we see that post acquiring, there is always a 6 to 9 months delay with respect to getting approvals and getting it launched. So are we confident enough that the same would get launched here in FY '26 or it may get spilled over? And another thing is that what kind of IRRs or margins we are expecting from redevelopment project?

Kamal Singal: So we'll come back with very specific details very soon on this project that we are hoping to close. The project that we are doing will not have some significant approval milestones like MOEF, etc, the way it is sized. And hence, the ambiguities around time lines are a little less.

Plus the fact that we know that it is a firm pipeline and quite a few things have already happened on this project, etc. We are still not formally putting this into our portfolio because we want to make sure that certain very, very definitive steps must be completed beforehand. And then only we add this project into our portfolio.

That itself is taking care of some of the major ambiguities, which are generally associated with a project of redevelopment type. And hence, once those are achieved and we say, okay, now this project is under our portfolio, ambiguities from there onwards should be quite manageable and less significant. To that extent, we are pretty confident that this should be launched this year.

Ronald Siyoni: And sir, when do you expect to come to market for fresh equity raise? Is it during H2 or maybe later?

Kamal Singal: We've got an enabling resolution, which is 1 year. I think that 1 year is getting completed by September thereabouts. And obviously, we would prefer that we complete this process before that.

Moderator: The next question is from the line of Piyush Arora from SOIC.

Piyush Arora: I actually joined the call late. So I just have 2 questions. First question is, what will be our guidance for bookings for FY '26? Because I think this year, we have done well and last 5 years, we've been doing well. And second question is what's the broader outlook on the industry demand because we've been seeing the discretionary consumption is slowing down. So what do you think about the discretionary demand as such for the real estate sector?

Kamal Singal: Sure. So on the booking possibly, you missed the earlier part of the conversation. We have done a little less than what we would have done otherwise because of our delays in a couple of Bangalore launches on account of approval delays. So that has meant that we've just grown by 15-odd percent.

I believe as a minimum, we should have grown by 25% to 30%. And if these 2 launches were done as per what the plan was, we would have easily achieved and more than achieved the numbers. But if you were to just add, this pent-up has to happen now in this year.

And obviously, this year's independent growth also has to come because we have been adding the pipeline accordingly last couple of years and the effect of all that has to come into this year together. So I think last year and this year put together, we should grow at a CAGR of 25% in any case. And accordingly, if last year was Rs. 1,100-odd crores of fresh sales. Put together, these 2 years should be around 25% plus 25% over 25% is something that we are hoping that we'll be able to achieve this year.

Piyush Arora: Right, right. And sir, on second question?

Kamal Singal: Yes. I mean demand generally is pretty okay. You might hear some of the stories of a little bit of a slowdown happening in some micro markets, etc. I think this is something on a broader level, at a macro level, things are pretty solid and decent. You need to be a little wiser when you choose your micro markets. So there is some degree of variability between one micro market to another. And if you are right on choosing your market, etc, and the size of project, etc, I think it's pretty healthier situation out there.

Bangalore is doing as good as it used to be. In fact, last quarter itself, we launched one of these projects. The prices are very different from what we would have otherwise done a couple of years back, 1 year back. Despite all that, it has seen some amazing traction. So demand continues to be very, very strong. But yes, you need to be wise about the locations you choose, the product you choose, the pricing you do, etc. So it's not that everything is going to be working out fine irrespective. You need to be good at it. And for guys who know and for the guys who can choose wisely, I think there is a huge opportunity still waiting to be tapped for developers in general.

Moderator: We take our last question from the line of Ritwik Sheth from One Up Financial.

Ritwik Sheth: Sir, how is the pipeline in MMR looking? And are we looking to add a vertical or we'll add another horizontal in the current year?

Kamal Singal: So, I mean, when it comes to MMR, the strategy is very clear. We'll work on 2 major pillars. One is horizontal weekend homes, which we've already announced and maybe we'll add 1 or 2 more projects in the coming months. The other is the society redevelopment. We see very clear preference and opportunity in areas priced between Rs. 30,000 to Rs. 40,000 thereabouts, where there is a very strong Gujarat connect. There the brand resonance, the connect and the trust factor immediately comes into play. That's why we've been able to almost close our first society development. Those kind of projects obviously will be vertical.

To that extent, in the overall portfolio, it will be a very healthy combination of both vertical and horizontal, vertical being primarily driven by society development. But having said, we are also open to greenfield. So it's not that we are not evaluating vertical ones here. All the 3 are equally important. But clearly, the focus has been society development, which is vertical and horizontal weekend homes that we have always been doing in all other cities that we operate in as a strategy.

Ritwik Sheth: Okay. And sir, my last question is regarding market share in Ahmedabad and Bangalore. It is currently very miniscule for our size. So what is the aspiration in terms of market share over the next 3 to 5 years in both these geographies since we have been in these cities since now 5 years?

Kamal Singal: So internally, we look more towards what is the growth that we should be able to achieve, absorb and be capable of. I think today, the constraint is not market, the constraint is not demand. The constraint is also the managerial bandwidth and the capabilities.

We think that a very healthy growth rate of around 30%, 40%, etc, is something which we should be very careful about. It's about building the organization one step at a time, not get overheated or underheated. Conservatism is good. At the same time, it can't be overdone. Too much of aggression might not as well be a great idea. And hence, we put ourselves in a situation where we say that let's see how much is something that we want to ramp up and what is the best and optimum way to grow to what extent, etc. So not in terms of proportion of market, percentage of market at this point, we are a very, very small component of overall market as we speak. So today, it's important to focus on how much growth we should be targeting. And after we achieve critical mass, obviously, from that onwards, it's important to get into market share, etc.

But having said, within horizontal, for example, in the city of Ahmedabad, we are the biggest, still not possibly relevant to count in terms of percentage of market, but we clearly lead the market with a big margin, and we are the largest in that sense.

Moderator: As this was the last question, I would now like to hand the conference over to the management for closing comments.

Kamal Singal: Thank you, everyone, for participating in this earnings 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 will connect with you offline and clarify and give further information as may be required. Looking forward to an interaction with you all in the coming quarters. Thank you very much for your time. Thanks a lot.
