Date: July 29, 2024

To,

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai-400 001

BSE Scrip Code: 539289

Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex
Bandra East
Mumbai – 400 051

NSE Symbol: AURUM

Dear Sir/Madam,

Sub: Transcript of Earnings Call held on July 22, 2024.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript of Earnings Call held on July 22, 2024 to discuss the performance for the quarter ended June 30, 2024 and the same is available on the Company's website at https://www.aurumproptech.in/investor/financial-information/quarterly-earnings.

You are requested to take the same on record.

Thanking you.

For **Aurum PropTech Limited**

Sonia Hitesh Jain
Digitally signed by Sonia Hitesh Jain
Date: 2024.07.29 23:04:03 +05'30'

Sonia Jain
Company Secretary &
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“Aurum PropTech Limited
Q1 FY 2024-25 Earnings Conference Call”
July 22, 2024

MANAGEMENT: MR. ASHISH DEORA: FOUNDER AND CHIEF EXECUTIVE OFFICER, AURUM VENTURES
MR. ONKAR SHETYE: EXECUTIVE DIRECTOR, AURUM PROPTECH LIMITED
MR. HIREN LADVA: EXECUTIVE VICE PRESIDENT, AURUM PROPTECH LIMITED
MS. SONIA JAIN, INVESTOR RELATIONS, AURUM PROPTECH LIMITED

DURATION: 01:03:19 MINUTES

PRESENTATION LINK: Q1FY2025INVESTOR PRESENTATION

MEETING VIDEO: Q1FY2025EARNINGSCALL

Transcript

Moderator: Ladies and gentlemen, good day and welcome to Aurum PropTech Limited Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. I now hand the conference over to Ms. Sonia. Thank you and over to you, ma'am.

Sonia Jain: Good evening, everyone and a warm welcome to the Quarter 1 FY 2024-25 Financial Results Presentation of Aurum PropTech Limited. We appreciate your continued interest and support. Joining us today is Mr. Ashish Deora, the Founder and CEO of Aurum Ventures; Mr. Onkar Shetye, Executive Director; Mr. Kunal Karan, our Chief Financial Officer; and Mr. Hiren Ladva, EVP Investments.

Before we dive into the details, I would like to remind everyone that the forward-looking statements we may discuss are subject to risk and uncertainties. Kindly refer Slide number 2 of investor presentation for detailed disclaimer.

I would like to hand over the call to Mr. Ashish Deora for his opening remarks. Over to you, Sir.

Ashish Deora: Thank you, Sonia. Good evening, everyone, and thank you for joining us today. It is my privilege to welcome you to this 13th Earnings Call of Aurum PropTech. I'm thrilled to discuss our latest financial results and share the progress we have made over the past quarter.

Let me start with profitability. At Aurum, we have always focused on unit economics, path to profitability and value creation. We have been articulating these thoughts through our various communications over last two years.

We are starting to see the benefits of our disciplined approach across the ecosystem that we have created. Quarter one of this year has validated our disciplined efforts.

In the past quarter, we have seen all round improvement in performance ratios across our businesses. Compared to the financial ratios of last year, this quarter, delivered improved PBT, improved EBITDA and improved adjusted EBITDA by 13%, 8% and 10%, respectively.

As we remain extremely focused on costs and run our businesses with a frugal mindset, we also need to continuously grow and increase our market share.

I will now touch upon how we are endeavouring to achieve these.

We have often discussed with all our stakeholders, how large and untapped the residential rental opportunity is. HelloWorld and NestAway are showcasing our growing market presence and the effectiveness of our strategies in this space. We believe that we are the leading player in the rental vertical and will continue to dominate this space. We aim to replicate our success of rental vertical across our entire ecosystem.

Real estate housing sector has seen record-breaking transactions over the past few quarters and our services in form of Aurum Analytica and Sell.Do, enjoy a commendable trust of the developer community in enabling them to reach to the prospective homebuyers. Both these businesses have delivered their best returns in Q1 FY 2025. We are now working on a few strategic initiatives to reorganize and lead the real estate sector in the distribution vertical as well over the next few quarters.

At Aurum, we strive to grow exponentially, but always in a sensible manner.

Moving on from numbers, Technology is at the heart of our mission. We have made substantial advancements in our platform, integrating AI and machine learning to provide smarter and more efficient solutions for our clients. As the real estate sector across India continues to get organized, the need of techno specially, data analytics, marketing and sales automation will be getting stronger.

Our road map is designed to build on emerging trends and ensure that we remain at the forefront of PropTech industry.

Our challenge is to maintain similar efficiency over the next three quarters. This will enable us to deliver stellar performances in FY 2025 and improved all-round financial metrics on a year-on-year basis.

I believe we are learning this balance to trade off between growth and profitability and we are improving every single day. I'm confident that with our dedicated team, innovative solutions and strategic vision, we are well positioned to set bolder targets and continue to achieve our ambitious goals.

I want to reiterate my gratitude for your trust and support. Together, we are building a future where tech and real estate converge seamlessly to create smarter and more sustainable ecosystem.

Thank you very much, and I look forward to your questions. Over to my colleague, Onkar.

Thank you, Mr. Deora. The rental business comprising of student living, co-living and family rentals, manages 30,000 rental units across 17 cities in India. This quarter, we had 6 lakh tenants searching for rental properties, 90,000 prospective tenants under management, and INR 70 crores rental payments managed on our platforms. We have a major revamp of our rental discovery portal NestAway, we are aiming to create a better user experience for searching and booking rental properties.

We have also spruced up our recommendation engine with AI-enabled match meeting features. For co-living units, we have continued the strategic supply acquisition in high-demand areas. To maximize revenue during off-season periods, we are also piloting short stay as a flexible and convenience format for tenants.

With a continued focus on providing right value, right location and right property for rental consumers, we are aiming to reach 50,000 units under management as our first pit stop, followed by 1 lakh units under management. We will keep up the momentum to build the India rental real estate opportunity, an opportunity to solution about 2 crores individuals and households to be serviced with tech-enabled renting and living experience.

Our Distribution business that includes data analytics, marketing and sales automation continue to increase enterprise efficiency for real estate developers. This quarter, we had 80,000 buyers actively looking for home purchase at Aurum Analytica. More than 7,500 SaaS licenses were deployed across 180 projects in the country, providing marketing and sales automation to real estate developers. We also facilitated INR 450 crores worth home sales with our broker aggregation offering.

Our data analytics business grew 30% year-on-year, signed up 100 new projects and commenced operations in new locations, including Ahmedabad, Hyderabad and Bangalore. Our marketing and sales automation business achieved a key milestone of reaching PBT positive this quarter. With this, our distribution business has now turned profitable across all offerings. This is a segment where real estate developers spend INR 4,000 crores worth of expenditure on marketing and sales operation, a segment that also presents to us a large opportunity for tech rate disruption.

The Capital segment has engaged further with regulators and comments on to the SM-REIT application. We believe that there is an immense potential in this business with close to 33 million square feet office space with over USD48 billion value available for SM-REIT segment.

I will now further hand over to my colleague for financial updates.

Kunal Karan: Thank you, Onkar. Thank you, everyone, for taking out time to join us on this call today. The Board of Directors approved the unaudited results for the quarter ended June 30, 2024, and I will take you through the headline results.

The total income for the quarter was INR 69.10 crores as compared to INR 47.71 crores in Q1 FY 2024, up by 45% year-on-year. EBITDA for quarter Q1 FY 2025 was INR 12.05 crores as compared to INR 1.80 crores in Q1 FY 2024 marking an improvement of 6.7x year-on-year. Adjusted EBITDA loss was INR4 crores for this quarter compared to a loss of INR11.77 crores in Q1 FY 2024 a year ago. This demonstrated an approximate 1,900 bps improvement in the adjusted EBITDA to total income ratio.

Profit Before Tax improved approximately 2,000 bps year-on-year, standing at negative INR 13.74 crores as compared to negative INR 18.79 crores in Q1 FY 2024. Now with this, I will pass on the call to Michelle to open the floor for the question-and-answer session. Over to you.

Moderator: Thank you very much, sir. We have the first question from Vikul Arora from Shadow. Please go ahead.

Vikul Arora: So my question over here is, despite being -- we are improving from RaaS model like real estate and service from INR 50 crores to INR 58 crores. But sir, I want to ask, but the SaaS is -- it's bit down for this quarter, like from INR 8.8 crores to -- it's close to INR6 crores. Is there any issue that we are facing in terms of SaaS model?

Onkar Shetye: Mr. Arora, thank you for this question. A quick idea on both the models, well RaaS business largely transaction-led technical businesses, SaaS business for tech deployment. What we have done is, as a part of a certain restructuring, we have gone on to build transaction platforms on our SaaS technology platform.

So a couple of examples, what in case is, we've built a broker aggregation platform on top of the SaaS business or the marketing and sales automation tech stack, that enabled us to get a larger value in terms of revenue, which is demonstrated in the RAS business.

There is definitely a certain headwind that we faced in quarter one this year for the SaaS business owing to, I would say, certain election-led expenditure by real estate developer segment. We look at increasing this in the next quarter. And SaaS business will continue to demonstrate substantial, I would say, value, if not revenue going further in the next quarters.

Vikul Arora: So basically, it's a temporary ones?

Onkar Shetye: Sorry, I didn't get it. Yes.

Vikul Arora: Temporary, Yes. So my question is, could you please throw some light over fractional ownership that earlier the Aurum is working on, if you can please?

Hiren Ladva: Yes. So we have, over the last couple of years, we have looked very intently at this particular space, much before the regulation has come in, right? As you are aware, we actually kind of took up the tech platform of an erstwhile player and onboarded the entire team who has been working with us to build that platform in the name of Aurum WiseX. Thanks to the regulation, which first came in the form of a notification last year and has now come out as a regulation dated 8th March, we have started preparing for the license application as we speak.

We have been in consultation with legal advisers who are helping us in kind of the process to submit the application form for that. So, the first step in that is to procure the license and then migrate the existing set of assets that we have, which are with around 400 investors, who have roughly AUM of INR 180 crores with us. So those would be the two first and foremost steps as far as we are concerned, given the SM-REIT notification that has come.

In terms of how the market will pan out, mostly, we remain positive in terms of how the market is going to grow, thanks to the regulation. The initial 1 or 2 years might have some unknowns in the form of how the distribution of these assets happen. If you are aware, before the regulation came in, all the fractional ownership platforms had their own distribution engines in terms of sales team, digital platforms, et cetera. But the paradigm now has to change completely with the introduction of a merchant banker coming in between.

On the positive side, in fact, there are many positives to take, the biggest one of them being that all these investments will become more liquid, thanks to all the units being listed on stock exchanges like NSE and BSE. So overall, that is positive. But we are taking the entire approach step by step, which is first, to apply for the license, and then, plan for migration and in parallel, launch appropriate and lucrative properties that can be fractionalized.

Moderator: We have our next text question from Vinay Gupta from Previse Wealth. And the question is, can you please explain the adjusted EBITDA calculation?

Hiren Ladva: Yes, this is Hiren, here. I'll take up that question. If we can refer to the slide, which we have presented. Yes. So broadly, as you might be aware, we have been following the IndAS standard of reporting financial statements. And then by nature of our business, predominantly the co-living business, we have certain properties, which are taken on long leases. And as per these standards, when we report them, we capitalize them and then there are 'x' number of costs which we have to report in the entries.

Now what happens is both for our own internal tracking as well as for investors like you, who want to understand how operationally are we performing, how we are improving, it makes sense for us to start tracking - first internally, how the operational EBITDA in the erstwhile domain works. So hence, we kind of created our own dashboard saying that if this is the reported number, and if I adjust for the lease-related costs first, right, what would be my operational EBITDA look like, right?

And we benchmarked this approach with a number of listed companies not just in India, but outside India also who were similar standards like Ind AS, and to IndAS 116 specifically. . So we took learnings from them and we thought now that we understand how this, i.e. the adjusted EBITDA calculations work, we thought, let us also for the benefit of our investors, transparently share this, so that they are also able to appreciate, given that we have a lease related business in the form of co-living the operating margins

So we have put up a table, which is there in the investor presentation, which helps you to kind of match the entire P&L with how we look at adjusted EBITDA.

For example, there is an entry in the income category, which is on account of the IndAS standards. And these are referred to as right of usage assets, right? This is in the “other income”. We first adjust the total income for that entry. Also, if you look at the costs, typically, the finance costs and the depreciation costs are where some of this IndAS 116-related entries come in, right?

So, we balance for these costs from the EBITDA that you would have seen from the financial statements, right? If you look at the table, there is a line item “less lease cost on IndAS lease assets”. So that's an INR 35 crores number for FY '23, INR 71 crores for FY '24 and INR 17.8 crores for Q1 FY '25, right? So we adjust that entry from the EBITDA that you would see from the financial statements, and whatever comes as a result is the adjusted EBITDA as we call it. So this, in our mind, is the erstwhile operational EBITDA, which is after adjusting costs from the leases that we have. So that's how we are tracking our operational performance as well, right?

There is also another item which is one time item in the form of ESOP expenditure. So we have adjusted for that as well because we don't see this as a recurring or big expenditure coming into our P&L for long. And more so, because it's not a cash expenditure. So these are the two main adjustments we have done.

And this is more first for our own to track our operational performance and secondly, for the benefit of our stakeholders, investor community to understand how the business is doing operationally.

Ashish Deora: To add to what Hiren had said, this is Ashish here, we are also sort of learning this in a much sharper manner. And I think this quarter, we felt that our one, learning and second, looking at how the subsequent quarters are going to be, it will be good to kind of get this kind of adjusted EBITDA numbers. And this is with the same policy that will continue for some time to come without changing this. That was the idea.

Moderator: Thank you. We'll take the next text question from Veerendra Chava from Aurum. And the question is, when will be the final call PP shares?

Kunal Karan: So we have just completed one call of INR 30. So the shares are now INR 20 plus INR 30 paid up by INR 50. There will be another call of INR 30 that we are planning to do in the Q4 of FY of this year. So probably next 6 months to 9 months based on the current requirement. But we can always do it later or earlier.

But the fact is that the Company doesn't require these monies until then. And in our experiences, we saw that when we did the last call, which was around INR130 crores, we got INR121 crores of that within the prescribed window. And the INR 7 crores that we have not received is because some people were traveling and things like that. So we don't need this capital now, as of now we feel that we will be intent to call the INR 30 in the Q4 of this year.

Moderator: And also Mr. Veerendra Chava also available on the audio. I'll just promote him. Mr. Chava, can you please proceed?

Veerendra Chava: So just want to check apart from this question. I just want to see how aggressive we are in the sales and the marketing? Because when we see online or news, nowhere we are seeing is like advertisement related to NestAway or any other products. So just want to check how aggressively we are moving in this real estate and the rental business?

Onkar Shetye: Thank you, Mr. Veerendra Chava for the follow-up question. Just to give you a quick sense from an operational standpoint, we will have a substantial effort going into marketing and sales, where close to around 300 odd individuals or colleagues are deployed in the marketing and sales effort.

Our marketing is more on the targeted side where we use a lot of data analytics to reach out to the consumers directly, digitally. And that is where we go on to acquire the consumers more smartly and more from a platform. Additionally, NestAway in the recent quarter has done substantial rebranding effort.

We have started the rebranding effort and initiative in Bangalore where we went on to relaunch the NestAway brand after post acquisitions. This was the first event therefore that we went on to, and we did a substantial amount of billboards. We did a substantial amount of direct targeting and that has started paying us a good amount of traction in the total uptake in tenants coming and visiting NestAway properties.

We will start launching the brand activity city-by-city once we get control of certain locations and go on to extend our marketing efforts. One thing that we would definitely want to sort of underline here, NestAway, as a brand, pre-acquisition had already spent around INR 450 odd crores on branding and marketing, where NestAway, as a rental marketplace, was established in the market.

And it does remain in the top 5 rental property brands in the country and definitely in one of the largest rental marketplace in the country. Our efforts are, I would say, focused more on the recalibration of this brand and bettering the consumer experience of renting and booking properties on NestAway.

Moderator: Thank you. We'll take the next question from Pranav Mashruwala from Dolat Capital. Please go ahead.

Pranav Mashruwala: Just wanted the breakup of revenues please for HelloWorld, NestAway and other segments?

Ashish Deora: Thank you, Pranav, for the question. So our revenue breakup remains consistent between these three cohorts. We have got close to 60% of our revenue from the rental cohort and that comprises of NestAway that comprises of HelloWorld business. In terms of quantum, the revenue will consistently remain at around 60% going into the further quarters.

The second largest cohort for us in terms of revenue and operations is the distribution cohort where we have garnered close to 30%, 35% of the revenue. And this comprises of our data analytics business, this comprises of our marketing and sales automation business. The third cohort, which is the capital cohort, which is still getting the scale that we would want ideally to reach is contributing close to 5% to 10% kind of revenue.

Pranav Mashruwala: Just one question on some of the news articles I've had come across, just with regarding HelloWorld. And one of our key markets, that is Kota HelloWorld so. Agreed the NEET exam cancellation and because of that and the deferment, there has been an impact on demand for hostels and then maybe to that extent, Co-living segment. So do we expect any impact on that for our segment?

Hiren Ladva: Sure, Pranav. This is Hiren here. You're right. I think specific to the city of Kota, there is a mild impact, given the couple of trends that you mentioned. Having said that, does it have an impact on the overall student living? We are not seeing that as yet. One, because there is going to be a continuum.

Yes, there is going to be a delay in the demand. But we remain positive that the enrollments will happen. We remain positive that there will be fresh batch of students coming, may be delayed by a month or so. Yes, that delays our revenue planning to some extent. Having said that, our dependency on the student living is and that too within HelloWorld, is less than roughly maybe 25%-odd of the overall revenue, right? So there is also professional -- young professionals working in the co-living segment, right? That's also.

Onkar Shetye: To add to Mr. Hiren, quickly, just to give you a scale of the student housing segment in India or higher education in urban areas in the country, of which 80 lakhs students are non-domicile students, meaning students who are migrating to a non-domicile city for study. And of that, 60 lakh students live in non-captive or non-campus rental housing, typically in PG and rented housing.

And this is the larger cohort that we are addressing to top cities by demand is Bangalore, Pune, Chennai, Kota, NCR. So the NEET specific challenge that we are facing, that, that the industry is facing right now is limited to only that cohort of students where the opportunity size still remains larger.

Moderator: We'll take the next text question from Vamshi K from Cliq Ventures. And the question is what would be the target EBITDA margin for FY'25?

Kunal Karan: Yes, go to the EBITDA numbers slide. Vamshi, I think, the way you look at this, and I try to address it in my early discussion as well, that we have improved EBITDA improved the adjusted EBITDA and improved PBT, which, as you can see, the slide, which is visible in the slide as well.

Our idea is that if we are able to retain the similar sort of ratios for the next 3 quarters, then we would have exceeded our internal expectations. And that is what we are targeting. That is what we are kind of aiming at without giving you more than what I can give you this indication for sure.

Moderator: We'll take the next question from Faisal Hawa from H.G Hawa and Company. Please go ahead.

Faisal Hawa: Sir, can you just give an idea as to what are the key focus areas of the top management of NestAway at this point of time? How you have determined their salaries and compensations?

Onkar Shetye: So at NestAway or not just NestAway, but with respect to the entire leadership team that runs our businesses, we have done four segmentations of their compensation. The first segmentation is, of course, the in a way takes care of their remuneration. The second is linked is a variable pay, which is linked to the AOP or the annual operating plan.

And then the third and fourth cohort is a time linked and a value linked, I would say, remuneration. The timing remuneration is given in form of ESOPs at Aurum profit, that invest in over the course of 4 years that ties them to the business and then also, in a way, make sure that they are also operating in confidence with the PropTech ecosystem, delivering consorted results.

The value linked, I would say, for a lack of better word, remuneration is linked to the ESOP that we carry at the individual business that we are doing, which is in the ESOP cohort, which links them that to the value that we can create at the business they are running. So with these four levers of remuneration, we are able to innovate, make sure that their, I would say, energies are focused on delivering value and also our consolidated targets on PropTech.

Our founders move also directly into the payroll at NestAway. So if you specifically talk about the NestAway leadership team, they are getting compensated directly from the NestAway business. In fact, both the founders, co-founders, Jitendra Jagadev and Ismail Khan, both are running the NestAway and HelloWorld business combined together, from the NestAway payroll.

Faisal Hawa: So without naming the competitors, there are one of the competitors which are now going based on advertising, and we did notice that in the World Cup also. And this could cause us to probably up our spending also. So within your Board of Directors, what is the thinking? Do we want to do such a thing and burn cash and really upset our -- growing the EBITDA plans or will we not do that?

Onkar Shetye: So marketing and advertising expenditure is a segment where we don't like to compete when there's a competition for expenditure for two reasons. One is that if a competitor is spending on lead gen lead gen, why do we have to sort of spend on brand and marketing for each. We would rather do a repurchase from that platform and then make sure that our CAC is under control.

The second reason for this is that our data analytics team practices very strong in doing targeted marketing. So we are not required to do, I would say, a carpet bonding exercise for our advertising expenditures like a competitor would do. Our advertisements directly reach to our consumers on the platform that they are used to and conveniently looking for.

So for example, a late millennial consumer will be targeted on the Times of India app and the Gen Z consumer will be targeted on its Instagram handle. And that is how we do, that's targeted delivery through our analytics platform.

Ashish Deora: Just to add to what Onkar just said. Also, as a philosophy, we believe more in the product than in promotion. So if you see most of our initiatives, they are product-centric and not promotion centric. Having said that, we all understand that running digital B2B products, B2C products require their own marketing capacities and sales and marketing costs, which we incur, but it will always be lesser than our competition as a percentage.

Faisal Hawa: And if you could give us some fling into the future like 5 years, 6 years down the line, how do you think the value will be finally created for the shareholders? Do you feel that, all these companies will finally be demerged when they are of good size or will we utilize cash flows from these companies to further beef up the companies, which are needing the cash, like the model that's probably who are in buffet or even the frameworks I have? Because stock market does get confused in companies and all, there are too many subsidiaries.

Ashish Deora: You are right, and we are cognizant of that for sure. As a direction, I can tell you that we are moving towards INR1,000 crores revenue, two doing it profitably, three integrating it with data coming from various businesses creating a DaaS platform, data-as-a-service platform for our own internal requirements. So that all data is at one place.

And you will, over the next couple of quarters, see that how some of the other businesses are getting restructured to one, had better business efficiencies and hopefully, that will also turn into value creation for the stock market, as you said. Having said that, as of now, the focus is to quarter-on-quarter improves the financial metrics and increase the revenue.

That itself is pretty challenging because as you know, that if we kind of want to continue to grow in a market where everybody else is losing money, it becomes a bit of a challenge. But I think we are dealing with that well. We want to continue to focus on that.

Faisal Hawa: So you mean to say that, there could be some value creation in the next 2 quarters to 3 quarters itself in one or two other companies?

Ashish Deora: Well, we do understand the value creation aspect, right? Not from a stock market point of view per se it could be, but we do understand. And in our real estate business, we did create value by selling two buildings to capital and in the last 2 years or 3 years. Because that happened over the weekend and that means is in public domain today, I can talk about it.

We did monetize our buildings worth INR1,000 crores from capital, right? That has happened in the real estate. So, it doesn't directly impact open. So as a company, as management, we do understand the value creation piece. And I think, in a directional level we are there as of today.

Faisal Hawa: Just two compliments by leaving. This new way of this con call has been done with the presentation and all, is a very good step. And second is that this is only probably the third or the fourth time that a CEO has revealed the KRAs of his top management, at absolutely the first question itself and without any kind of trying to say yes or no about it. So good going because basically, it empowered your people to answer to each and every question that investors have. Thank you very much.

Moderator: Thank you. The next question from Ramesh Shah. This would be a text question, and he's an Independent Investor. And the question is, we see that the company has begun capitalizing the product development cost. Can you throw more light on what we are capitalizing?

Hiren Ladva: Thank you, Ramesh, for the questions. Hiren here. Let me try to answer that. As you know, we are a PropTech company. All our businesses are run at the back of certain tech products. Onkar has already thrown light on what we are building. Some of them are software, some of them are platforms, some of them are customer-facing or investor portals.

All these products and platforms have a long-term economic impact, right? So which is in the form of either revenue or also in the form of efficiency improvements. I believe the logic and merit of capitalizing such cost is well understood and hence, I will not delve into that per se.

At Aurum PropTech, we were actually in an acquisition mode or spree till beginning of FY'24.And for every company, we used to spend a couple of quarters to onboard them after the closure has been done. And when they were in their more nascent forms, the product development efforts were far more experimental in nature than they are as of now in the sense that all these businesses are far more mature in terms of their market business.

And then, as part of our onboarding process itself and later on in FY'24 as part of our 3 year strategic planning also, we began to assess and plan for our consolidated product and tech capabilities. So we documented and started tracking our product roadmaps. And by the way, all these efforts also added or had the added benefit of helping us to drive cost optimization in this bucket.

So expectedly, there were several products from the invested companies or businesses, that have a long-term top line or a bottom line impact on the P&L. And so we have capitalized some of these products, and we have actually also listed some of these products in our investor presentation. So I'll encourage you to have look at those.

Now we already had a capitalization policy. And we have been capitalizing some of our costs that were from the products that are getting built in-house under our own, under Aurum PropTech itself. Now in FY'24, after we did this entire consolidation, the strategic planning and the product roadmap planning, et cetera, we started capitalizing some of these costs from the partner companies also.

So we created a bottom-up list of all these products. We put on the criteria from the policy - which products are technically feasible, what are the costs which are identifiable, measurable and also attributable to these particular products. And also which definitely have a defined economic value or an economic impact over the future quarters and years, more importantly years.

So from a numbers point of view, in Q1 FY'25, we capitalized around INR2.8 crores, which is roughly half of the expenditure that we incur on our tech teams, right, and 3% of the overall expenditure. Like-to-like in the entire FY'24, we had capitalized somewhere close to INR13 crores which was, I think, 4% of our total expenditure. And then, on an average, these products should be depreciated over the next 2 years to 3 years. That's the plan.

I'd also like to add that generally, while we were doing this exercise, we were also benchmarking ourselves in terms of our cost structure with tech companies in a similar scale. And there also we observed that most of these companies have around 35% to 45% of their tech expenditure going towards product development.

There is, depending on the maturity again, 15% to 20% of the expenditure going towards R&D. And the remaining is upgrades, maintenance. So I think we were quite content to realize that at this stage, our breakup of the expenditure is also in line with the benchmarks of the best-in-class companies that we see.

Moderator: Thank you. We have a text question from Gunit Singh from Counter Cyclical PMS. And the question is, he needs to know the outlook for FY'25 in terms of top line.

Ashish Deora: So we'll give you a quick sense of how we have moved in the last financial year. From a revenue standpoint, we've grown 68% between FY'23 and FY'24. This quarter, our year-on-year growth has been at 47%. And we have targeted ourselves to grow at a 45% year-on-year revenue going in the next 3 years.

The North Star for us is to reach INR1,000 crores revenue goal sooner than better, faster than better. And we'll keep our efforts on to it. However, our eyes are also always on profitability. And we have always pushed our teams to make sure that there's a balanced approach with respect to revenue growth and profitability. And that is how we are sort of commencing on to our future journey in terms of business expansion.

Moderator: Thank you. The next text question is from Aditya Sen from Robo Capital. And the question is, can you please throw some light on how the revenue and EBITDA will shape up in FY'25 and FY'26?

Onkar Shetye: We've just covered this question, Mr. Sen. We've given our outlook of our guidance of 45% Y-o-Y growth for in terms of revenue. And in our last quarter call, we have also highlighted that we would like to keep an eye on profitability, ensuring that we are improving our EBITDA by 450 bps quarter-on-quarter.

Ashish Deora: Just to add to what Onkar is saying, it's the trade-off again between the revenue growth and discipline in profitability that is a discussion on a regular basis at our end, and we are happy to kind of discuss this in the next quarterly call very soon.

Moderator: Thank you. The next question is from Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Yes. Firstly, I would like to appreciate the clarity share on the adjusted EBITDA working and the reconciliation table. Because I think sharing adjusted EBITDA that reflects a lower EBITDA number than reported EBITDA is an industry-first initiative. Most of the time, adjusted EBITDA is used to reflect that the EBITDA is better than the reported EBITDA. So I think I appreciate the courage behind sharing that.

My question would be like since you gave some idea on potential call for the last tranche on partly paid in later part of the year, it would be great if you could share that, is this going toward the expanding into current business lines? Or is it going towards newer areas as well, which we are not addressing today?

Ashish Deora: Rahul, this is Ashish here. First of all, thank you for the releasing report from your firm in this quarter. And we are at Aurum we are thankful and grateful to you. Your question is around the use of the investor -- use of the rights proceeds. Is that right?

Rahul Jain: Yes. And also towards the potential call which you are about to make, will it be in the same line of businesses or potential new areas?

Ashish Deora: So I think with our ecosystem, we have more or less covered all the key value aspects of the real estate value chain. So all the capital, the existing or the new capital will go to deepen the ecosystem rather than trying to create new businesses around that. I think, the three clusters that we have more or less covers the entire real estate value chain that we like to be presented. So these funds that are existing and the funds that are raised through rights issue will continue to deepen the ecosystem rather than any new business lines around that.

Rahul Jain: And also, could you share the current occupancy on the 30,000-odd units that we have on the rental side and also an ideal timeline to achieve the first milestone for 50,000 units?

Ashish Deora: So I got your first question. The second one, I didn't get, which is milestone for?

Rahul Jain: Yes. So the 50,000 unit milestone that we mentioned, is there a timeline that we have in our mind?

Hiren Ladva: So at the moment, from a capacity point of view, we are already at around 30,000, which is signed up capacity. And from an occupancy point of view, in the co-living, we are at 77% of the units that are there on our platform. It's 77% to 80% is where it keeps on hovering. And then, when we track our competition, we are being far more better because we have heard that 60%-65% is the average for the rest.

So 77% to 80% is what roughly we have seen over the last 2, 3 quarters rather. And from a 50,000 target point of view, I think we are a little ahead of our plans. We have aimed to reach 50,000 units capacity by March of 2027, actually, right? But we are ahead much earlier than the plan that we have set for ourselves.

Ashish Deora: Also to add to what Hiren is saying, if you take a view that, look, we are putting some growth capital behind HelloWorld and NestAway in a more aggressive manner, then we can reach this 50,000 bed in a much faster manner. But that kind of -- takes the unit economics of those particular buildings for a little bit of longer to kind of get the ROI in those. So we take it when we hit an inflection point and then we add capacities. That's typically what we have been doing.

Moderator: Thank you. We'll take the next text question from Pranav Mashruwala from Dolat Capital. And the question is, would 450 bps improvement in EBITDA would be in adjusted EBITDA terms?

Hiren Ladva: Yes. So this is Hiren here. As we have shared the table for the last 2 years as well as the current quarter, you can see the improvement, both in terms of EBITDA as well as adjusted EBITDA. We believe that we'll continue to have improvements in operational performance together, right?

So we expect the improvement in the EBITDA and the adjusted EBITDA more or less in the same quantum as we have seen, and it's also demonstrated by the past performance, as we have shown in the investor presentation, right?

And the reason for this is mainly because the impact of the delta between the EBITDA and the adjusted EBITDA is primarily on account of the lease-related expenditure, which for us is limited to the co-living business and it will be by the similar growth for both It could be 50 bps or so basis points here and there, but more or less should be in line.

Ashish Deora: We are starting to track this for last couple of quarters only. We see our direct correlation, as you can see to what Hiren had said that, EBITDA on total income has gone up by 8%, 800 bps. And similarly, adjusted EBITDA has gone up 1,000 bps if you look atfrom last year to this quarter. So we see a direct correlation in that. We are also tracking it very closely now since we have learned to kind of do this. And we see -- we can safely say that it will be 450 bps will be transferred to the adjusted EBITDA as well a plus/minus 50 bps as Hiren said.

Moderator: Thank you. The next text question is from Payal Shah an Individual Investor, and the question is how is the journey from a software Majesco company to a property tech company? Is it more lucrative than software business?

Ashish Deora: I will request Kunal to take this because Kunal was in Majesco and now 12 years in Aurum. First in Majesco, and then Aurum. So I'd like Kunal to take this.

Kunal Karan: So look, honestly, though both of them are tech companies, but the basic nature of the technology is totally different and the market is also totally different. Majesco, it was more an overseas market, mostly in U.S., where insurance are a very mature product and but this PropTech, currently, we are mostly in India.

And though we want to venture out of the country, maybe it will take another 2 years for us to reach that state. But definitely, it is more lucrative because the competition over there was much higher because U.S. is always a very technically matured country to operate and we definitely have that advantage in now as a PropTech, because it is a very new thing. So you are very early to enter, and we hope that we can take the benefit at Aurum as the PropTech journey continues.

Onkar Shetye: Also just to add to it from like-to-like comparison, the India insurance market by 2030 is to be $250-odd billion market. Whereas the real estate as a market is posed to be a $1 trillion market, of which PropTech will be at $100 billion. If we see InsureTech, the market is largely contested.

It's a mature space with a diamond dozen players wanting to attract the same time. Whereas PropTech business is a larger opportunity where there's limited players who understand this space as well as us. And also it goes beyond just an enterprise business model that Majesco used to run its earlier part.

Our business model covers not just enterprise tech in our distribution vertical, but also consumer tech in form of our rental cohort, and that gives us a larger value creation piece across the PropTech canvas. So yes, it is a better – for us it is a better and natural alignment to our existing sort of skillsets.

Moderator: Thank you. The next text question is from Reuben Mathews from Equity Intelligence. And the question is, great presentation. The restructuring of business mentioned earlier in the call for creating value, will it be in the distribution vertical? Also, will we see segmental breakup in the future as rental distribution and capital? Or will it continue to be RAS and SaaS?

Onkar Shetye: Thank you, Mr. Matthews for the compliment on the presentation. The restructuring of business that we mentioned about is targeted to be in the distribution vertical. We believe that we are in a pole position. We are in our pivotal position in rental space already, that has taken us 4, 6 quarters to do that.

And now we believe that we are ready to take the rental – in the distribution vertical and more deeper, into that to see how we can improve our market share in that. So that's definitely the idea. The RaaS and SaaS as a term, we have been using RaaS and SaaS when we started thinking about the real estate the PropTech business. Some of our presentations were around that.

Then from there, we move to start thinking the business from our tech capital and services, which I thought was our next level of evolution. And now we feel that if you look at the ecosystem and put it into different value aspects, different value chain, then rental, distribution and capital are the three segmental pickup, which kind of match us very well and makes us a unique ecosystem.

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to Ms. Sonia for closing comments. Over to you, ma'am.

Sonia Jain: Thank you, Michelle. Thank you, everyone, who participated today. We truly appreciate your continued interest in Aurum PropTech, and we look forward to having you all in the next call again. Have a good evening ahead. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Aurum PropTech Limited, that concludes this conference. Thank you for your participation, and you may exit the meeting now. Thank you.