SOBHA

PASSION AT WORK

Date: May 22, 2024

To, The Deputy Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street Mumbai – 400 001 **Scrip Code: 532784**	To, The Manager The National Stock Exchange of India Limited Exchange Plaza, Plot No C/1, G Block Bandra Kurla Complex Mumbai – 400 051 **Scrip Code: SOBHA**

Dear Sir / Madam,

Sub: Transcript of Meeting with Analysts/ Institutional Investors

In continuation of our letter dated May 14, 2024 and May 17, 2024 please find enclosed herewith the transcript of the conference call held on Friday, the 17th day of May 2024 with the Analysts/ Institutional Investors to brief the Operational and Financial performance of the Company for the quarter ended March 31, 2024.

We request you to take the aforesaid information on record in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Company.

Yours sincerely,

FOR SOBHA LIMITED

BIJAN KUMAR DASH
Digitally signed by BIJAN KUMAR DASH
Date: 2024.05.22 18:02:03 +05'30'

Bijan Kumar Dash
Company Secretary & Compliance Officer
Membership No. ACS 17222

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"Sobha Limited Q4 FY 2024 Earnings Conference Call"

May 17, 2024

MANAGEMENT: **MR. JAGADISH NANGINENI – MANAGING DIRECTOR, SOBHA LIMITED**
MR. YOGESH BANSAL –CHIEF FINANCIAL OFFICER, SOBHA LIMITED

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Sobha Limited Q4 FY '24 Results Conference Call, hosted by ICICI Securities. As a reminder, all participant lines will be in a listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you sir.

Adhidev Chattopadhyay: Good evening, everyone. On behalf of ICICI Securities, I would like to welcome everyone to the Sobha Limited call today. From the management, we have with us Mr. Jagadish Nangineni – the Managing Director, and Mr. Yogesh Bansal – the Chief Financial Officer.

I now like to hand over the call to the Management for their opening remarks. Over to you, thank you.

Jagadish Nangineni: Good evening, everyone. Thank you, Adhidev, and the team for your introduction and organizing this call. Sobha team and I are happy to interact with you to post the Financial Results of Quarter 4 of the financial year FY '23-'24. In this call, we will very briefly touch upon our last quarter and 12-months performance and provide an outlook for the next year.

Firstly, on real estate sales:

FY '24 was the best year for us on all fronts. Sale value of Rs. 6,644 crores, an increase of about 28%, area of 6.08 million square feet, and a highest ever average price realization of Rs. 10,922. In Q4, after 10 quarters of higher sales than the previous quarter, we took a breather and we landed at about Rs. 1,500 crores of sale with 1.34 million square feet area. Overall, for the year, about 66% of the sales are from Bangalore and 58% of this quarter sales have been contributed by Rs. 2 crores plus ticket size.

Secondly, on the project launches:

We launched a total of ~~seven~~ six projects in the last year with 7.03 million square feet, all of them in Q3 and Q4. In the last quarter alone we launched four projects, Sobha Crystal Meadows, Sobha Elysia in GIFT City, Sobha Ridge in Trivandrum, and Sobha Atlantis Phase-II in Kochi. Last year, our contracting and manufacturing have also steady at Rs. 683 crores with a small degrowth in some of the sub-verticals.

At the end of this quarter, we have potential new launches of 16.85 million square feet and an existing inventory of 7.55 million square feet, making a robust inventory visibility of 24.4 million square feet. Of the remaining unlaunched inventory of 16.85 million, we plan to launch about 9 million square feet in FY '25 and the remaining subsequently, that would be an increase of about 30% from the previous year of 7 million square feet launches. In addition to this, we are working rapidly to bring the remaining land bank also into the project stages, which we estimate to have a potential of between 25 million to 30 million square feet. We will keep adding to the future launches as the work progresses in this year and the next.

Positive cash flow generation has been our focus and it continued last year as well. Details of the cash flow and other financials will be taken up by our CFO. I request Mr. Yogesh Bansal to take you through the same before we open for questions.

Yogesh Bansal: Good evening, everyone, and thank you for joining us today. We would like to share our financial performance of FY '24.

We achieved a highest ever operational cash flow of Rs. 5,797 crores. In this, about Rs. 5,034 crores was contributed by our real estate business, making it the highest ever collection year in Sobha's operating history. This was possible due to increased sales and also hitting more construction linked milestone across our ongoing projects, leading to higher billing and collections. This enabled us to increase our spend across businesses and function to help our growing scale and expedite construction activity in the projects.

We have generated the highest-ever net operating cash flow of Rs. 1,089 crores. Higher inflow has also helped us reduce our dependence on short-term financial instrument , thereby there is reduction in our interest cost. In line with our commitment to balance growth and financial discipline, we have spent a net amount of Rs. 383 crores towards land and new opportunities.

Q4 '24 was the 14th consecutive quarter of debt reduction. We reduced our net debt by Rs. 81 crores in the quarter and Rs. 377.5 crores in the entire year. Our net debt to equity is now at a comfortable level of 0.5 , compared to 0.66, which was as on 31 March, 2023. These achievements are a clear reflection of our commitment to maintain a financial discipline and balancing a sustainable growth at the same time.

Looking ahead from our residential real estate business, we have an estimated marginal cash flow of Rs. 14,934 crores to be realized. Of these, Rs. 8,393 crores is expected to be contributed from our ongoing projects. Additionally, we have had a robust pipeline of 16.85 million square feet expected to be launched over the coming six quarters. These forthcoming projects are expected to generate Rs. 6,541 crores of Marginal net cash flow. Our present approach to capital management coupled with cash flow visibility puts us on solid financial foundation to see new growth opportunities in future.

On the P&L side, during the financial year, our total income is Rs. 3,218 crores with an EBITDA margin of 12.4%. Out of this, about Rs. 1,953 crores were contributed from property development. This year, revenue largely comprised pre-sales made four years back. In the quarter ended 31 March, 2024, our income was Rs. 791 crores, of which, Rs. 491 crores was from our residential business.

We have a balanced revenue of Rs. 13,515 crores from the whole residential unit which will be recognized in the next three to four years. We expect the margin to be improved significantly from whenever it is recognized, the balance revenue. For our Q4 24, we recorded a PAT of Rs. 7 crores, and for the year PAT of Rs. 49 crores.

Would like to thank you all once again for your participation. And now, we can open the floor for a question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: So, my first question is on the launches. So, you did some launches in Q4, GIFT City launch, the Meadows launch, and I think that followed up with launch in Gurgaon with Karma Lakelands. So, if you can help us how has been the response to these launches? That's my first question.

Jagadish Nangineni: Good evening, Parikshit. Yes, we did these launches, and the response has been quite good. And the sales of this response will be reflected in Q1, because the launch of the GIFT City and Crystal Meadows has been at towards the end of the previous quarter, Q4, so majority of the sales will flow in Q1. And the response has been quite good according to our expectations.

Parikshit Kandpal: Sir, between the three projects, Meadows, GIFT City and Karma Lakeland, so how much is the total value of what type of inventory released, like Rs. 1,000 crores or if you can help us, 1 million square feet? So, that will be helpful. How much of the inventory you have released for the market?

Jagadish Nangineni: So, the total inventory for this would be about Rs. 7,500 odd or so, and we have released about 20% of it for the market.

Parikshit Kandpal: So, the 20% has been released?

Jagadish Nangineni: Yes.

Parikshit Kandpal: And what are the balance for this quarter, so what are the other projects which are looking to launch in Q1?

Jagadish Nangineni: In Q1, like you said, we have already launched this Aranya, which is the Karma Lakelands project. And we have one plotted development in Chennai, and we have one more project ahead to be done in Gurgaon. Apart from that, we have one more plotted development in Coimbatore. These are the ones which we think that we can do in this quarter.

Parikshit Kandpal: So, just one more question on that. When you are seeing Gurgaon, I think large part of Karma Lakelands, the value of inventory will be high there, so why you have only released 20%? So, just wanted to understand from you, when other developers are launching the entire projects, why we are holding back and only releasing one-fifth of the inventory?

Jagadish Nangineni: Well, we have several towers there, so we are doing tower-wise launches, Parikshit. And we believe that it's one of the most elite projects in the entire country, which is a golf-course project, and we think that there is a good value to be realized. And currently what we have launched is, the overall launch is about 1.9 million square feet. So, of which we believe that over a period of time as we launch, we sell and we develop, it would be more prudent than launching all and probably selling everything and having a majority of the cash flows coming in, but there is significant time for us to actually do the construction. So, we would like to pace the sales also in line with the construction activity.

Parikshit Kandpal: Just one last question sir on this, Pune now, we are seeing that Pune launch, one project has been added in Pune. Also, we see that the Gurgaon overall launch pipeline has increased from almost 5 million to 8 million square feet, so that means we have done some new business development. So, if you can help us understand what has been the new business development quarter-on-quarter, how much area you have added, so that would be helpful.

Jagadish Nangineni: So, in Pune we have added one project which we think that the overall potential for the project is about 5 million square feet, at least. However, in that we are doing it in phases and the first 1 million square feet is what we have put it in the pipeline, and which we plan to launch it next FY '25 if it comes through. If it comes through, it adds to our overall what I have guided as 9 million square feet, we can do probably more than that.

Parikshit Kandpal: This year you are planning to do 9 million square feet of sales, pre-sales?

Jagadish Nangineni: Of launches, yes. And Gurgaon also we have added two more projects in Sector 99 and Sector 63. Both these projects also will come up for launches in the next 12 months or so.

Parikshit Kandpal: What is the sales guidance for the full year then, just on the guidance bit sir on pre-sales this year, so are we in line to cross Rs. 10,000 crores of sales this year?

Jagadish Nangineni: Parikshit, that would be a great aim for us. Right now, in a very high base, last couple of years we have achieved about 30% plus increase in the sales. If we continue on the path of at least 20% plus, we should be at least doing Rs. 8,500 crores. And if we can achieve anything more than that, based on the new launches that we are seeing and based on how the release of inventory, if it continues to do well, then definitely we should be aiming towards it. But on a base case, I think we should be able to do Rs. 8,500 at least.

Moderator: Thank you. Our next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Firstly, again on launches, you elaborated on launches that you are planning for Q1. But in these 9 million square feet, how would it be split across cities, if you can help on that?

Jagadish Nangineni: Pritesh, largely about 60% would be from I think Bangalore, these launches, and about 2.8 million to 3 million square feet will be from Gurgaon, and the rest of it will be from Chennai and Kerala.

Pritesh Sheth: Secondly, on the land spend, now that we have seen an increase in the land spend in this quarter, what is your estimate on land spend in next year? And what are the projects, and what are the markets you are targeting in terms of land acquisition?

Jagadish Nangineni: In the long term our focus is going to be in the large markets, our largest markets are Bangalore, currently where we are present; Bangalore, NCR, Pune and Hyderabad. These are the four cities. In addition to that, of course, we have Kerala market, which has been doing well, and we have small projects in Chennai and Coimbatore, too. In all these markets, we would like to continue to increase our scope of operations. And what we have done this financial year, similar spend is what we envisage to do next year also with the kind of cash flow that we would be generating. And I think that would suffice for taking care of the next couple of years of requirement considering where we are in terms of pipeline of both existing inventory and the new launches.

Pritesh Sheth: Roughly Rs. 400 crores of land spend next year as well?

Jagadish Nangineni: Yes.

Pritesh Sheth: Okay. And one last one on margins, so just 135 --

Jagadish Nangineni: Just to add there, Pritesh, I mean, this is with the current plan. And like you know; we have started the process of rights issue last quarter. And if that comes through, which we are working upon it in the last two, three months, and we would like to take it forward as quickly in the coming weeks. Once that comes in and the capital that would be available for us through the rights issue, and what purpose we will be using it and additional cash flows that we will be available for us, the actual spend on the land will significantly change from that. This Rs. 400 crores what I was mentioning is from the cash flows that we generate from an operational level.

Pritesh Sheth: And one last one on margins, so Rs. 135 billion of sales yet to be recognized, what kind of margins we should expect from that? And when do you see the improvement coming in, is it from 1Q onwards or a little later in the year?

Jagadish Nangineni: Yes. Yogesh, would you like to take it?

Yogesh Bansal: Yes. So, Pritesh, currently, if you see, we are incurring sales and marketing, on pre-sale of last year we have incurred Rs. 6,644 crores, which is higher by 28%. And correspondingly, we incurred quarter overhead. That's why our EBITDA margin was low. Going forward, we are targeting sales with a higher EBITDA margin close to 30%, plus we are speeding up our delivery, both combination, once it will start fortifying we will see higher EBITDA margins.

Moderator: Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Yes. I wanted to ask about the overall rights issue, but before that I wanted to applaud you that finally the shareholders have got rewarded, but still we would like the final P&L to come in. And of course we are waiting for the margins to catch up, so thank you for the overall efforts and the direction that the company has taken under you, Jagadish. So, on the rights issue, why is it taking time? I understand that probably in the coming few weeks you will do it, but is it that the cash flow of the promoters are tied up to a certain timeline, and that is the reason for it? Or some other internal planning leads to the delay?

Jagadish Nangineni: Thank you, Dhruvesh. The rights issue, we had started our work on this in February itself. The time lag of what we expected and where we are today is more technical in nature. We wanted to do the entire financials and due diligence based on past financials. But as you know, we had got a new auditor in FY '23, and we wanted to complete two financial years with the existing auditor and come up with the financials of that. That made some of the overall diligence part much simpler. And hence we have waited to come up with the results for this last quarter as well. And hence, now that everything else, this quarter has ended and the financial results are out, we will go to the best possible extent in terms of speed to move ahead with the rights issue. So, this has got nothing to do with any other factors like you mentioned, but more to do with technicality.

Dhruvesh Sanghvi: And one broad question, because you used the word saying that the land purchases after the rights issue will be much more or significantly higher than the Rs. 400 crores otherwise planned out of your existing cash flows. On the broader sense of things, how will we take care that we are probably mid of the cycle already, we are definitely not at the low now. The land prices have readjusted across the country, and in fact, at many places and cities, the jumps have been very significant. With such a large kitty now coming in and let's say if we think about Rs. 2,000 crores of land purchase in the next two years out of the new cash flows, how do we shield for the future problems which came similar to the past ones after 2008, '09? I mean, are there enough such opportunities that are easily monetizable, or this will be like long-dated land purchase plans again where we will not be able to monetize them for another five or 10 years?

Jagadish Nangineni: No, it's a very valid question, Dhruvesh. In fact, if you look at our journey in the past few years and where we are today, and with the rights issue what's happening, we are probably in one of the best possible situation in terms of availability and visibility of cash flow. That gives us a lot of leverage in terms of the ability to evaluate and seek opportunities which make sense for us. We are not in the land banking business, and that's not what we would like to do with the availability of the cash flow.

Like you would have seen our marginal cash flow from the existing and the new launches is about Rs. 15,000 crores, and add to that, we are raising this particular rights also which advances our plan. But that gives us enough firepower to deploy wherever it can be done, and we are very mindful of the cycle were we are in. We are mindful of the opportunities where the margin of safety might be low. We are mindful of what the issues that we faced in the past even in the existing cities and the new locations.

So, considering that, it is not that we would be in a super hurry to deploy and start launching. That's not the aim here. The aim here is to make the company financially extremely strong, and with this coming in, I believe that we are one of the few players who will be reasonably well balanced in terms of financial, and hence the ability for us to create a longer runway has just begun.

Dhruvesh Sanghvi: If I can squeeze in one small 1 one, in terms of the pre-sales, I mean, though you would not guide, you have indicated something like let us say Rs. 8,000 crores, Rs. 8,500 crores. But Jagdish ji, the kind of growth a lot of our peer sets are now facing, and now they are like it is like animal spirits are coming out where there were not even five players touching, Rs. 8,000 crores before a couple of years. And now there are more than five players touching Rs. 20,000 crores of pre-sales. Should we not ramp-up much faster than probably what you are conservatively guiding? Or we are still not ready with the launches in the near sense, like why can't we go to Rs. 12,000 crores, Rs. 13,000 crores now?

Jagadish Nangineni: You are absolutely right that the market and the scale of some of the players in the market has been significant, and it reflects the mood in the residential real estate. But you have seen our company, how we have been operating. One, we have increased the pace of launches. We would continue to increase the pace of launches, there is no doubt about it. Although we have 16.85 million square feet, we would like to do it as quickly as possible. If we can do better than what we are planning for, nothing like it. Not that we are trying to deliberately slow it down.

That said, you know that we are a premium player in the market, and the uptake of the inventory that's there, while it is true for most of the other players, for us it might be a little bit more balanced in terms of the premium that we charge and the kind of scale of launches that we can do. Based on that, I think we think that we can do at least what I have guided as Rs. 8,500 crores or what we assume can be done. But there is absolutely no effort that we are going to leave to make sure that what we launch and what we sell will be as per the market conditions. So, I do believe that there is an optimistic scenario than what we are planning. But we will take it as we go during the financial year.

Moderator: Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Just want to understand how much of pre-sales of, say, Rs. 66 million this year are from say projects on existing land bank versus newer land that we acquired?

Jagadish Nangineni: During the last financial year, Kunal?

Kunal Lakhan: Yes.

Jagadish Nangineni: Last financial year, all of our launches have been based on the existing land bank, which we have done in the past. No new launches have been done on acquisition during the year. So, 100% of the launches would be in the bulk, except for small sales that were done, small sales that would have come from the GIFT City where we incrementally acquired some land.

Kunal Lakhan: Sure. So, just a follow-up on that is, so I am just trying to understand what is it say a pro forma EBITDA margin on these sales which are simply from the existing land? And the reason why I am asking is because if you look at your OCF margins, right, even after excluding say contractual and manufacturing business, are roughly in the range of say 20% odd. You would expect a lot more considering like this is legacy land which you are launching on. So, just trying to get my head around it, if you can help.

Jagadish Nangineni: That is right. For land that we have, we are launching on legacy land, the embedded EBITDA margin should be far higher, should be (+30%). And whereas for the others it would be slightly lower. But if you look at the launches that we have done, just let's say, for example, last year in Neopolis which is on our own land, it should be anything more than 40% to 45%. But for some of the others, in joint development projects, it might be a little lower.

Having said that, overall, like Yogesh has mentioned previously, we have this Rs. 13,500 crores of revenue to be recognized. And in that, on average it comes to about 30%. But if you break it down again and see the sales that we have done in the last couple of years, that would be about 70% of the Rs. 13,500 crores. And that should be about a gross margin of more than close to 33% to 34%. So, as we recognize these revenues of the older projects, the remaining portion of the projects that need to be recognized, their contribution increases and hence the remaining EBITDA margins should improve.

So, we have another two to four quarters of this slightly lower margin scenario. And it also depends on the higher revenue recognition that we can do. So, increased pace of completions is a key thing that we are working towards. Once we achieve that pace of completions as well, then we should be in a far better position in terms of P&L.

Kunal Lakhan: Actually, my question was not on P&L margins, actually it was on OCF margin which is based on what are the sales that you are booking today. The OCF margin provided by, say, collections from real estate only, that is at about 20% odd. So, this number should be a lot higher than 20%, I believe.

Jagadish Nangineni: Operating cash flow margin for the projects that we launched?

Kunal Lakhan: Operating cash flow margin for say FY '24? I am saying that operating cash flow is divided by the cash inflows from real estate. If you exclude the contractual and the manufacturing business, that's around 20%. That's what I was trying to get.

Jagadish Nangineni: Okay. On the overall real estate business?

Kunal Lakhan: Correct. So, that is at 20%, which should be technically around 30% plus, considering these are all legacy projects and there is no land cost associated to these.

Jagadish Nangineni: Kunal, we do not have a ready answer for that. Can we just quickly work on this and we can take it up?

Kunal Lakhan: No worries. Yes, sure. Thank you so much.

Moderator: Thank you. The next question is from the line of Yash from Stallion Asset. Please go ahead.

Yash: Sir, so my question is that I understand that you would like to launch 9 million square feet in FY '25, right, like in terms of the area?

Jagadish Nangineni: Yes, that's right.

Yash: So, if I just do this simple math that, if I multiply this by average realization of Rs. 10,000 per square feet, then you get the pre-sales to about Rs. 9,000 crores. So, I am just trying to understand that, are we trying to be a bit more conservative here on our guidance for pre-sales for FY '25? Or maybe I have not got the math right, or if you can just maybe explain, that would be very helpful.

Jagadish Nangineni: So, this new launch, Yash, of FY '25 of 9 million, probably the average price for that might be slightly higher than Rs. 10,000. And that's number one. Number two is, this is the launches that we are planning to do, and not necessarily the pre-sales. Pre-sales would of course depend on the ability for us to launch these new projects and the pace of sale of the existing inventory of about Rs. 7.5 million that we have.

Yash: Right. So, you are saying that out of this 9 million, maybe like 70% or 80% would already be converted to pre-sales, if I understand right, like broadly?

Jagadish Nangineni: Yes, I mean, 9 million plus what we have already is about 7.5 million, that's 16.5 million. So, this 9 million will come over a period of during the financial year. So, on average we will probably convert about 50% of it.

Moderator: Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Akhtar Qazi: My first question is, I mean, in the various markets that you operate, where do you believe the demand environment currently is the strongest? And the second question is, in FY '24 what could have been, let's say, the price increase in the various geographies that you operate in?

Jagadish Nangineni: Good evening, Parvez. Your audio is not very clear, if you can just kindly repeat the last couple of sentences, that will be helpful.

Parvez Akhtar Qazi: Sir the second question was on like-to-like price increase in FY '24 across various geographies.

Jagadish Nangineni: The increase in for FY '25 versus FY '24, because we are launching several projects in Gurgaon and also some of the current inventory which we launched in Bangalore also is at a slightly higher pace. I think there we should see an increase of at least about 15% to 20% in the average price. And coming to the launches itself, like I said, part of the launches, about 60% of the launches would be in Bangalore and remaining in Gurgaon and Chennai and Kerala.

Parvez Akhtar Qazi: So, actually my question was about the demand environment. In the various markets that you operate, where do you see the demand environment currently being the strongest?

Jagadish Nangineni: Right now, on a steady state basis, we are operating in Bangalore, NCR, GIFT City and in Kerala. Each market is slightly different. The Bangalore market has been very steady, and we continue to see very good demand for projects across ticket sizes. In Gurgaon, particularly, there is an elevated demand for residential projects. And in Kerala it has been very steady in terms of the demand, mainly driven by the NRI clients. In GIFT City also, as the progress of the GIFT City itself is seeing good traction, the demand for residential real estate there also seems to be very good, considering that last year we have sold out the entire remaining inventory that we had in GIFT

City. So, all these seem to be very high. And apart from these, there are other two locations which we would like to be a keen player that is in Hyderabad and in Pune. Hyderabad continues to see a very good demand environment, similarly in Pune. However, we would like to see some more new investments there, then only we can have a real good number out there for you in terms of demand for our products.

Moderator: Thank you. Ladies and gentlemen, the next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My first question is on, we are ramping up our launches and we are totally backward integrated. So, just wanted to understand, are we open as we are expanding to newer geographies? So, will you look at engaging external third-party contractors to do construction for you? So, if you can give some color on capacity building there. Given that, and also we can get some color on how your parent has been doing in Dubai, because their scale is Rs. 40,000 crores. So, I mean, do they hire external construction companies? And whether in India also you are open to hire external contractors?

Jagadish Nangineni: Good question, Parikshit. Our uniqueness of the operations is on the backward integration model, and that is something that we will hold on to. You brought up a good point wherein the scale, how would we scale up the construction activities also. But as you know, in the past several years we have been doing a lot of contractual work for Infosys and several other clients. And as we have been scaling up the real estate vertical, and there has been a descaling of the operations in those verticals, so we have a lot of talent and capability in those so we have moved to the real estate vertical. And hence, we have been able to manage the capacity that's coming in now. Having said that, there is no doubt that we have to continue to build on this capacity that we have already built in. So, that's an ongoing exercise. But for the time being, for the volume that we have sold and volume where we have achieved rights till now, we are comfortable. And understanding the requirements of the future, we are ramping up our recruitment, training and also some of the capacity buildings on our manufacturing verticals as well.

Parikshit Kandpal: Even in Dubai, the parent is like doing it like backward integrations or they outsource the entire construction.

Jagadish Nangineni: I believe Dubai also follows the same model.

Parikshit Kandpal: My second question is on business development. So, you did touch upon that last year, you acquired 5 million in Pune, so I assume that it should be about close to Rs. 5,000 crores across development value. And Gurgaon, I think 2 million, the increase in the launches, that should be about Rs. 3,000 crores. So, is it right that you have added Rs. 8,000 crores of new business development last year? And if you can also help us understand whether in Bangalore and other geographies, how much you would have added in terms of gross development value? And what is your target for FY '25?

Jagadish Nangineni: We can assume that, Parikshit, based on the basic math that you just gave. But as a company, on an ongoing basis we keep doing new deals and we did not start any practice of adding the specific deals and showcasing how much we are adding every quarter or a year. But roughly what you have mentioned, that's right. And you will keep seeing that in the newer pipeline of launches quarter-on-quarter. For FY '25 also, if our land spends are going to continue in a similar fashion like what we did, we should add every year at least anywhere between Rs. 8,000 crores to Rs. 10,000 crores value of projects, which essentially replenishes the current ongoing case of sales.

Parikshit Kandpal: Just lastly in Mumbai, sir, any plans there? I mean, you are now reviving the Pune piece, getting into Hyderabad, seeing some traction there. So, any plans for Mumbai? How are the engagements here? So, how are you seeing Mumbai planning out for you?

Jagadish Nangineni: We have started understanding Mumbai as a market at a very high level. The local dynamics of the market is very different from any of the other cities, so there is a little bit of research and a little bit of understanding going on in the company. While we are doing that in parallel, we are also evaluating some opportunities. As and when they come to a fruitification level, we will definitely share.

Moderator: Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: In terms of price brands rise, I think someone asked that if you can compare Bangalore's like-to-like prize rise over the last one year, what would it be? I mean, of course, it's very difficult, it is project-to-project. But is it fair to say that Bangalore would have risen for you by 5% to 10%, or more, in the price rise?

Jagadish Nangineni: No, there are certain projects, Dhruvesh, where we can see a comparison of the projects where there has been inventory sale in the same project or during the whole course of the year. If you compare only in those projects, because it is tough to compare one project to another project, to do that, then for us it's definitely been over 12%.

Dhruvesh Sanghvi: Over 12%?

Jagadish Nangineni: Yes.

Dhruvesh Sanghvi: And what would be your outlook on that aspect be, again same, Bangalore like-to-like for the next finite period of, let's say, one to two years? Or now we are, it looks that we are now saturating on the upper side.

Jagadish Nangineni: It looks that the price increases in the last two and a half to three years has been pretty good. And at least we do not have plans where the outlook is far higher than what it is. Inflationary is what we would expect. But it again depends on project-to-project. Some of the projects, once they get successful, then we do see price increases.

Dhruvesh Sanghvi: And one question was on Karma, I believe it's a JV, I mean, there's a partner involved, and the land was purchased, or the tie-up of the land had happened much back into the history, I think pre-COVID. So, how did the dynamic work? Because the pricing in that area has dramatically shot up, so do we get a chunkier pie of the incremental that would have happened in that area from the time of the lock-in till date? Or is it a complete pass-through where, I mean, it's not much favorable to us?

Jagadish Nangineni: The specific to Karma project, Dhruvesh, that is a DM project, so the overall dynamic, there has been an increase in the pricing, there is an increase in the cost, too. So, in a DM project our margins are largely stable, irrespective of the market.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Jagadish Nangineni: Thank you. Financial year '24 has been an exceptional year for Sobha, and it underscores our team's focus and commitment to growth, and Sobha's strong brand value in the consumer mind and deep stakeholder trust. In this year, not only we delivered good operational performance, but we made significant progress to strengthen our foundation for future growth. We are now very well positioned, financially and operationally, to capture the growth opportunities that India presents in this upbeat economic environment. I hope in this call we have answered some of your questions satisfactorily. In case of any further questions, please do reach out to us. Thank you. Have a good weekend.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.