Sobha

Operator: Ladies and gentlemen, good day and welcome to the Sobha Limited Q2 FY27 earnings conference call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adidev Chattopadhyay from ICICI Securities Limited. Thank you, and over to you.

Adidev Chattopadhyay – ICICI Securities: Hello, good evening, everyone. I would like to welcome everyone to the Sobha Limited call today. From management, as always, we have with us Mr. Jagadish Nangineni, the Managing Director, and Mr. Yogesh Bansal, the Chief Financial Officer. I would now like to hand over the call to management for their opening remarks and comments. Over to you. Thank you.

Jagadish Nangineni – Managing Director: Thank you, Adidev. Good evening, everyone, and thank you for joining today's call for the Q2 and H1 FY27 earnings. I extend a warm welcome to all our investors, analysts, and stakeholders. I will briefly highlight our business performance and key developments before I hand over to our CFO, Yogesh Bansal.

H1 FY27 was the strongest half-year in Sobha's system, with a sales value of 5,862 crores, representing strong year-on-year growth of 47.2%. We sold 3.76 million square feet across 2,260 units, with sales volume growing by 32.4%. Sobha's share of the sales value also reached a record 4,874 crores.

In Q2 FY27, our sales of 2,206 crores represented our second-highest quarterly sales, with year-on-year growth of 16%, comprising 1.42 million square feet across 828 units. Average price realization improved to 15,522 per square foot in Q2 from 13,648, representing growth of 13.7%. For H1, realization increased to 15,604 per square foot compared to 14,028 last year, reflecting our strong product positioning and favorable sales mix.

From a city performance point of view, Bangalore remained our largest market, contributing 3,385 crores, or about 58% of first-half sales. NCR contributed about 1,974 crores, which is approximately 34%; Kerala contributed 357 crores, which is about 6%; and the remaining cities contributed 2.5%. Following significant launches in Q1 and Q2, Q2 witnessed healthy sustenance sales, particularly from our projects launched in Q1, Sobha One World and Sobha Neopolis in Bangalore, and Sobha Crescent and Aranya in Gurgaon. This demonstrates sustained customer demand beyond the initial launch phase.

Overall, we are on track with our guidance and will hopefully exceed our sales guidance for the entire financial year. Coming to new launches, during this quarter we launched two projects: Sobha Boulevard, which is a plotted development project in Mysore, and Sobha Belleview, a high-rise apartment project on approximately 4.3 acres, comprising 298 homes and approximately 0.83 million square feet in Calicut. Overall, in the first half, we launched five projects across Bangalore, Gurgaon, and Calicut, aggregating to 7.91 million square feet, with an estimated sales potential of close to 11,200 crores.

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Our forthcoming launch pipeline remains robust at 20.42 million square feet across 18 projects. We are quite confident of launching at least nine projects exceeding 11 million square feet during the remainder of FY27. As of September 30, 2026, our unsold inventory stood at approximately 15 million square feet, providing healthy growth visibility. On the execution front, we completed 720 homes covering 1.49 million square feet across nine wings and blocks in Q2. H1 completions stood at 1,391 homes covering 2.56 million square feet across 17 wings.

Coming briefly to cash flows and financials, our balance sheet continues to be our key strength. We maintained a net cash position of about 322 crores, with a competitive borrowing cost of 7.75%, and remained focused on maintaining a zero net debt position throughout FY27. We achieved our highest-ever cash inflows for both the quarter and the half-year. Q2 collections reached more than 2,000 crores, at 2,084 crores, and our net operational cash flow was 422 crores. This financial strength supports our future investments while maintaining prudent capital allocation.

As of the end of this quarter, we had 22,040 crores of revenue yet to be recognized from units already sold. While the quarterly margins appear lower as we continue to recognize lower-margin projects and recognize future projects that are on course for completion and handover, we are quite confident that our margins will significantly improve. We should be able to deliver at least 50% growth in PAT over the last financial year by the end of this financial year.

During Q2, our contracts, manufacturing, and retail businesses generated about 225 crores, an increase of 31% quarter-on-quarter, and the external order book stood at 540 crores. Our commercial rental portfolio contributed 24 crores in income during the quarter. We expect these businesses to maintain steady performance, with scope for marginal growth.

Also, during this quarter, as part of our plan to deepen our expertise in execution, we acquired a small fire and safety business from Sobha Projects and Trade Limited, or SPTL. This will enable us to execute fire protection services across all our projects as we scale toward larger-volume delivery.

With these remarks, I will conclude my opening remarks and hand over the forum to our CFO, Mr. Yogesh Bansal, for his remarks on the financial performance.

Yogesh Bansal – CFO: Good evening, everyone. Let me take you through the key financial highlights of Sobha's performance for the second quarter and first half of FY27. The first half was marked by strong operational cash collections, continued investment in project execution, and expansion of our development pipeline, while maintaining a healthy balance sheet. We recorded our highest-ever half-yearly operational cash inflows of 4,009 crores, generated positive operational cash flow of 755 crores, and closed September with a net cash position of 322 crores.

Coming to cash flow, operational cash inflow for the quarter stood at 2,084 crores, compared with 2,046 crores in the corresponding quarter last year. Real estate collections contributed 1,922 crores. Again, this operational outflow was 1,642 crores, resulting in positive operating cash flow of 442 crores for the quarter.

For the first half, operating cash inflow reached 4,009 crores, with positive operating cash flow of 755 crores. Construction expenditure continued to be an important area of cash deployment during the quarter. Real estate project-related outflow stood at 826 crores, while sales and marketing

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expenditure was 103 crores. We made land payments amounting to 617 crores during Q2 and 987 crores for the first half. These payments are aligned with our objective of strengthening the development pipeline while continuing to fund existing projects.

After accounting for land payments, capital expenditure, and financing-related movements, the overall net cash movement was negative 337 crores for Q2 and negative 486 crores for H1. Our operations continued to generate positive cash flow while we deployed capital toward existing projects and further growth.

Moving to our reported financial performance, total income for the quarter stood at 1,017 crores, compared with 1,469 crores in Q2 of the previous year. Real estate revenue contributed 749 crores, while contractual manufacturing and retail operations contributed 225 crores. Quarterly EBITDA stood at 119 crores, representing a margin of 11%, while profit after tax was 33 crores. For the first half, total income stood at 2,347 crores, EBITDA was 249 crores, and PAT amounted to 84 crores.

Our gross debt as of September 30, 2026, stood at 1,505 crores, against cash and cash equivalents of 1,827 crores. Our debt-to-equity ratio stood at negative 0.07, while our average borrowing cost was 7.75%. Maintaining financial discipline remains a key priority. We continue to focus on optimizing borrowing costs, maintaining adequate liquidity, and balancing investment in new opportunities with the funding requirements of ongoing projects.

Looking ahead, our existing portfolio provides meaningful visibility on future cash flow and revenue. As of September 30, 2026, receivables from sold units, together with the sales value of unsold inventory, stood at 31,814 crores against an estimated remaining project cost of 19,297 crores. This represents projected project-level marginal cash flow of 12,517 crores. Including forthcoming projects, the projected real estate project-level marginal cash flow increases to 19,748 crores. These figures provide visibility on the potential of our existing development portfolio.

To conclude, our priority remains clear: sustaining operating cash generation, progressing project execution, maintaining balance sheet strength, and ensuring disciplined capital allocation. We remain committed to delivering sustainable growth, strengthening financial performance, and creating long-term value for our shareholders. Thank you. We can now take your questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and then two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, to register, please press star and one. Your first question comes from the line of Parikshit Kandpal with HDFC Securities. Please go ahead.

Parikshit Kandpal – HDFC Securities: Yes, congratulations on the great pre-sales for H1. My first question is regarding the very strong gross margins we have seen in this quarter, at almost 48%, which I believe are recent quarterly highs. Is it right to understand that the legacy low-margin projects are now behind us? As deliveries improve from here in the coming quarters, if this level of gross margin is maintained, can we see a sharp uptick in EBITDA margins from Q3 onward?

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Jagdish: Good evening, Parikshit. As I said, the EBITDA margins as we go forward will benefit from the remaining revenue to be recognized, which is close to 22,000 crores. It has excellent EBITDA margins. We believe that we will be able to maintain our costs and deliver those margins as we progress.

You will definitely see increasing margins. Whether they will come from Q3 or Q4, yes, they will. As I mentioned in the opening remarks, we currently estimate that, from a PAT point of view, we will be able to deliver at least 50% growth over the last financial year in this financial year. From the next financial year also, it is going to be even better.

Overall, from a P&L standpoint, we are quite confident, considering what we have done in terms of pre-sales, the sales value that we achieved, the pace of development that we are maintaining, and the visibility that we have on handovers. We believe that there will be an uptick from now onward. Also, in the previous quarters, I had guided that from Q3 onward in this financial year, it should start looking better, and we believe we should be on track for that.

Parikshit Kandpal – HDFC Securities: Thanks for that elaborate answer, Jagdish. My second question is regarding the significant amount we spent on land in the first half, at almost 987 crores. Can you help us understand how much of this was for new acquisitions during the current year and how much GDV we have added corresponding to this land capex?

Jagdish: Yes, in the first half of this financial year, the cash outflow for land was significant. Close to 30% of that cash outflow was toward the settlement of old dues from our existing projects. That is now fully complete, and any new cash outflow from now onward will be for the addition of new land.

Second, in the first half we also added three more parcels of land in Bangalore. We have started procuring the land, and as and when these parcels reach the approval stage, they will become visible in the project pipeline. I believe it will take about a year to a year and a half for them to show up in the pipeline. We also added one parcel in Gurgaon.

Overall, we have not given a specific GDV for the investment that we have made, but we have made significant progress in terms of adding new projects in Bangalore and NCR, and we purchased one parcel of land in Mumbai. Taken together, about 30% of the cash outflow went toward the settlement of old dues, another 50% went toward new land, and the remaining 25% went toward existing land where we had to consolidate and make the remaining payments to the landowners.

Parikshit Kandpal – HDFC Securities: Is it right to assume that the GDV would be close to 9,000-10,000 crores in H1?

Jagdish: We will be able to provide that estimate separately, Parikshit. I do not have that GDV available right now.

Parikshit Kandpal – HDFC Securities: Just one last question on the launch pipeline for Q2, Q3, and Q4. You quantified it in terms of million square feet. In terms of projects and sizes, can you help us split this between Q3 and Q4?

Jagdish: In Q3 and Q4, we are tentatively looking at launching about eight projects, as I mentioned. Three are in Bangalore, one in Hyderabad, one in Chennai, one in Gurgaon, one in Greater Noida,

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and one in Thrissur. Taken together, they will comprise approximately 12 million square feet and may have a value of close to 18,000 crores.

Parikshit Kandpal – HDFC Securities: Specifically for Q3, can you call out some of the large projects, and which ones they are? Also, what is the status of RERA approvals for these projects?

Jagdish: These are highly time-sensitive in terms of approvals. We are on track for some of them, but we never know what the next surprise might be. While we are confident of doing at least two to three of these projects in Q3, I am hoping that the number can be higher. We may launch half of them in Q3 and half in Q4, but the timelines are very tight. Any slippage because of any reason could quickly push them toward Q4.

Second, even if we receive all the approvals, we may choose not to launch them immediately to allow for better preparation and a better response. For example, even though we received the plotted development approval for Boulevard in Q1, we chose to launch it in Q2 so that we could have slightly better preparation. It is a smaller project, but we will take the same approach for the larger projects and the new launches as well.

While approvals are one aspect of launching a project, preparation is also required. In both Q3 and Q4 together, we should be able to complete these launches. We are at a fairly advanced stage in terms of approvals for all these projects.

Parikshit Kandpal – HDFC Securities: Can you call out any specific projects, Jagdish? I believe Crystal Meadows was pending for quite some time. If you can name some projects for Q3 where you have high visibility on receiving approvals and launching them, that would be helpful for our analysis.

Jagdish: We can provide those details separately, Parikshit.

Parikshit Kandpal – HDFC Securities: Okay, sure. Thank you. I will rejoin the queue.

Jagdish: Thank you, Parikshit.

Operator: Thank you. Ladies and gentlemen, we request participants to limit themselves to two questions each and rejoin the queue for any further follow-up questions. The next question comes from the line of Parvez Qazi with Nuvama Group. Please go ahead.

Parvez Qazi – Nuvama Group: Hi, good evening, and congratulations on the great set of numbers. My first question is regarding the 11,200 crores of GDV from launches in H1. Roughly how much sales in H1 would have come from these launches?

Management: Of the approximately 5,800 crores of sales that we achieved in the first half, about 70% came from the new launches.

Parvez Qazi – Nuvama Group: The second question is regarding the segment-wise breakup of our H1 sales. Roughly 36% came from ticket sizes above 5 crores, which I believe ties in with the general trend of premiumization in the industry. Looking toward H2 and the 11 million-odd square feet of launches we are considering for H2, what would generally be the segment-wise split of these 11-12

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million square feet?

Jagdish: Good question, Parvez. I would not generalize it in that manner because it is heavily dependent on the project mix and the type of products that we initially launch. The majority of the sales value we have achieved in the last few quarters has come through new launches.

Considering the mix of the new launches, it typically varies. For example, even in Q2, while more than 5 crores accounted for approximately 36% of overall H1 sales, the corresponding figure in Q2 was only 26.2%. Certain projects do contribute to higher ticket sizes, but the launches we are going to undertake in the future will largely comprise a mix across all ticket sizes, mainly between {? 2-5 crores ?}. Therefore, whenever you see a spike in the higher ticket sizes, it may be because of good traction in that particular segment during that quarter.

Overall, if you look at our inventory, the majority would lie between {? 2-5 crores ?}. I would assume that it is more than {? 70% ?}.

Parvez Qazi – Nuvama Group: Is it fair to assume that the {? 5 crore plus ?} ticket size would largely be in NCR?

Jagdish: Yes, you are right. Most of the units that contributed more than {? 5 crores ?} are from Gurgaon specifically. We have one or two projects in Bangalore and one project in Mumbai as well. But you are right that the majority comes from our NCR, or Gurgaon, sales.

Parvez Qazi – Nuvama Group: Thanks, and all the best.

Jagdish: Thank you, {? Parvesh ?}.

Operator: Thank you. Your next question comes from the line of Girish Choudhary with Avendus Spark. Please go ahead.

Girish Choudhary – Avendus Spark: Hi, good evening, Jagdish. My first question is regarding the strong sustenance sales we have seen [inaudible]. Specifically, could you give us more details on the Hoskote project? What kind of sales have we seen this quarter, and how and when are you thinking about the Phase 2 launch?

Jagdish: Good evening, Girish. Hoskote is a very large project. We have an overall value of about {? 7,500 crores ?}, and we have done over {? 2,500 crores ?} in sales so far. We have not launched all the towers {? [unclear] ?} in the project.

However, the overall response to the project and the sustenance sales have been quite good. Similarly, in our NCR projects, specifically Crescent and Aranya in Gurgaon, where we have been developing the projects for the last 2 years, the sustenance sales have been good.

This quarter, the sustenance sales in one of our projects, Sobha Neopolis, which had been quite flat for the last 1.5 years or so, also picked up quite well after we started completing our towers and handing them over to customers. The sustenance sales are quite steady, and we see that as a positive sign for projects that we have launched and where we are seeing steady traction.

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Girish Choudhary – Avendus Spark: Understood. Do you have any thoughts on the Phase 2 launch of Hoskote?

Jagdish: When you say Phase 2 launch, what exactly do you mean?

Girish Choudhary – Avendus Spark: I believe the total GDV of the project is {? 7,000 plus crores ?}, right?

Jagdish: In this quarter itself, we launched one more tower, which will take us to almost {? 65% ?} of the total inventory being released. As we progress toward higher sales, with more inventory being released and consumed, we will continue releasing inventory based on two factors.

The first is the extent of sales that we are seeing, and the second is the development plan that we have. Based on both these parameters, we will continue releasing inventory. It is not that we have a specific Phase 2 launch that we would undertake. We will undertake tower-wise launches going forward.

Girish Choudhary – Avendus Spark: Understood. That is helpful. My second question is regarding the acquisition of Sobha Projects and Trade. Could you give us more details on the profitability and debt of this business? Going forward, how do you see the numbers? Does this require any capex? Please give us some details on how we should look at this acquisition.

Jagdish: We are acquiring the fire and safety business of Sobha Projects and Trade. Approximately {? 70% ?} of the business has been for Sobha itself. The business currently has an order book of about {? 180 crores ?}, of which approximately {? 70% ?} is from Sobha's projects.

As we scale, we believe that this makes sense for us from both a strategic and a financial point of view. Strategically, it will help us increase our ability to coordinate better and deliver faster for our projects. Second, from a cost standpoint, it would reduce our costs because there is a GST benefit that we currently lose. We also have the ability to procure better through our scale of operations and to capture some of the synergies that we may bring in. This can lead to cost reduction and will therefore help us.

Overall, we believe that it is quite strategic and advantageous to have this business within our own operations. From a revenue standpoint, they have been doing roughly {? 60-65 crores ?} a year. As we scale our own delivery, this is going to increase significantly from here onward.

From a margin point of view, there will be no capex involved because it is a services business, and whatever capex is already in place is sufficient. Going forward, if there is any working capital requirement, we will have to fund it. Otherwise, there is no additional or incremental investment that needs to be made apart from what we are doing at the time of acquisition.

Girish Choudhary – Avendus Spark: Understood. Thank you.

Jagdish: Thank you, Girish.

Operator: Thank you. Your next question comes from the line of Biplab Debbarma with MK Global. Please go ahead.

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Biplab Debbarma – MK Global: Hi, Jagdish. Good evening, and congratulations on the strong quarter. We see that in the forthcoming projects you now have three mammoth projects, whereas last quarter there was one. Where have you acquired these two new projects, and what would be the estimated GDV of these three mammoth projects overall?

Jagdish: Biplab, I think there is a slight confusion there, and we should have corrected it. There are actually two projects. One is additional FAR, or saleable area, that we would load into the existing project after what we have already released in Inizio, which is an ongoing project. The second is the new Chandivali project.

The addition of that new FAR is coming in two stages, and hence we counted it as two, plus one is the Chandivali project, making three. That is the clarification regarding that project.

Biplab Debbarma – MK Global: So you have added the Chandivali project?

Jagdish: Yes. Our land acquisition for Chandivali is complete, and we are now at the design stage and moving forward with the approvals.

Biplab Debbarma – MK Global: How big would that project be in terms of GDV? Would it be {? 1,000 crores ?} or {? 800 crores ?}?

Jagdish: We estimate it at about {? 1,000 crores ?}.

Biplab Debbarma – MK Global: My second question is regarding margins. You have guided that margins will see an uptick from Q3 onward and will be very healthy from FY28 onward. Could you give us some insight into when we will see the uptick? Currently, the margin is in the single digits. Should we expect something like {? 15% ?} consolidated EBITDA margins in the second half, or from Q3 or Q4 onward? What range of margins should we expect? From FY28 onward, what kind of steady-state consolidated EBITDA margin should we expect?

Jagdish: For the second half of FY27, I think the EBITDA margin should be considerably higher than {? 15% ?} for the whole of FY27. From FY28, as I have mentioned in previous calls, it will move toward {? 20% ?} and beyond.

One of the main reasons for the current lower margins, or at least why the margins appear lower, is the following. Particularly in this quarter and the previous quarter, and specifically in this quarter, the revenue that we could recognize has been lower because of the handovers that we could complete and the completions that we achieved. This is part of the cyclicality where, in some quarters, there will be more completions and in some quarters there may be fewer. Over a period of time, these will normalize.

Whenever we recognize lower revenue, our fixed costs, including overheads and elevated sales and marketing costs, continue to be incurred. As a result, we report a lower margin. As we start recognizing a larger scale of new revenue, these costs will normalize relative to revenue. That is the first factor.

The second factor is that some of the new projects that we will recognize in the future are projects where we own the land. The margins on those projects will be far superior to those of the typical

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projects that we undertake, and these projects will also begin contributing at a much higher level.

The third factor is that we still have some older projects where the margin is lower. Until we completely recognize those projects, they will weigh down on the overall margins. I think that impact will reduce considerably over the next 2 quarters, and the effect of the higher-margin projects will start becoming visible from the next 2 quarters. As I mentioned earlier, it will be an upward curve in terms of overall margins, which should stabilize at approximately {? 20% ?} or more in terms of EBITDA.

Biplab Debbarma – MK Global: You have done exceedingly well in the first half in terms of pre-sales, at almost {? 5,800 or 5,900 crores ?}. Considering seasonality, the trend we see is that the second half is always better than the first half. Does that mean, based on simple arithmetic, that we will cross {? 12,000-13,000 crores ?} of pre-sales in this financial year, considering that we have seen decent sustenance sales and also have a healthy launch pipeline? What are your thoughts on this?

Jagdish: Both factors that you mentioned, Biplab, can contribute to a good sales number. Therefore, we would hope, and we will work toward, exceeding the guidance we have given from a sales point of view. If all the factors come through, we should definitely see a much better performance than the guidance we gave at the beginning of the year.

Both factors—strong sustenance sales and successful new launches—should enable us to perform much better than our guidance.

Biplab Debbarma – MK Global: Thank you, and all the best.

Jagdish: Thank you, Biplab.

Operator: Thank you. Your next question comes from the line of Murtuza Arsiwalla with Kotak Securities. Please go ahead.

Murtuza Arsiwalla – Kotak Securities: I have a question on your segment financials. When we look at the numbers, there is other unallocable expenditure that is generally reasonably large across quarters, between {? 7-10% ?}. How should we think about it when considering EBITDA margins? What is the nature of these expenses, and why cannot they be apportioned to either the real estate or the contract and manufacturing segment? That is my first question.

Jagdish: Good evening, Murtuza. Regarding these expenses, can you help me understand which numbers you are looking at?

Murtuza Arsiwalla – Kotak Securities: If I look at the reported financials, for instance, in the second quarter we have other unallocable expenditure in the consolidated segment report of {? 977.57 million ?}, right? On net revenue of approximately {? 9.6 billion ?}, that is about {? 10% ?} in the current quarter.

Jagdish: That is essentially the overhead expense, which is a fixed expense for us on a quarter-on-quarter basis. It essentially includes our own staff and overheads, as well as a portion of marketing and incentives that we pay out. It has two components.

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The first is a fixed component for fixed overheads, which is inflationary or may grow slightly lower than the growth that we are experiencing. The second part is directly proportional to the sales that we ultimately achieve.

Murtuza Arsiwalla – Kotak Securities: Should we not allocate the sales-related expenses to either the real estate or the contract and manufacturing segment? I am trying to better understand this. When we look at your segment results, which are a few lines above that, they obviously show a slightly better margin than the consolidated results. The consolidated results combine real estate and contract and manufacturing, where margins may appear weaker because they take into consideration the other unallocable expenditure. I am trying to understand how we should better appreciate this particular line item.

Jagdish: You are right. I would like to clarify this again. Sales and marketing expenditure would remain in the real estate segment. The unallocable expenditure is largely the overheads that we incur. That should be quite flat, or inflationary in nature.

Murtuza Arsiwalla – Kotak Securities: My second question is regarding the business mix. What proportion of your projects would generally be through a joint development agreement, where there is a revenue share with the landowner, versus projects that you are undertaking through the 100% outright purchase of land, where there is no revenue share or payment to the landowner because you have purchased the land outright? Is the mix 30-70 or 70-30? What is the mix, generally speaking, rather than in a particular quarter or year?

Jagdish: At an aggregate level, if you look at the overall inventory that we have, roughly 82-85% is our share. Typically, an overall example would be that 50% comprises our own projects and the remaining 50% comprises joint development projects. If we assume that the landowner's share in a joint development project is 35%, then that represents approximately 17.5%, meaning that our share would be approximately 82.5%.

Murtuza Arsiwalla – Kotak Securities: In terms of projects, would it be roughly 50-50? Would half the projects be through the joint development mechanism and half be 100%-owned?

Jagdish: Based on the current land bank and the outlook for the projects that we plan to launch, yes, that is the case. At an aggregate level, our share is approximately 82-83%.

Murtuza Arsiwalla – Kotak Securities: Understood. Thank you very much.

Jagdish: Thank you [inaudible].

Operator: Thank you. The next question comes from the line of Pritesh Sheth with Axis Capital. Please go ahead.

Pritesh Sheth – Axis Capital: Thank you for the opportunity, Jagdish, and congratulations on a good sustenance quarter. I have a couple of questions. Continuing the previous question on unallocable expenses, this has increased considerably versus last year. Last year, the full-year figure was approximately 200 crores, while in the first half itself we have incurred 190 crores. What are the reasons for this? When you talk about a project-level EBITDA margin of 30%, should we exclude another 10% for corporate overheads? Should we therefore consider the EBITDA margin for the real

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estate segment to be around 20%? I would appreciate some insight on this.

Management: Good question, Pritesh. I do not have the exact details of that. Can we get back to you?

Pritesh Sheth – Axis Capital: Sure, I will take it offline. My second question is regarding the launches. When we discussed the contribution of launches in the first half, it was 70% of current sales. Therefore, we would have done roughly 4,000 crores from the launches, out of approximately 11,000 crores of total GDV, meaning we have sold 40%.

One large project was Sobha One World, which would obviously have contributed less proportionately. I wanted to understand whether there are any similarly large projects planned in H2 with a GDV of more than 3,000 crores at the time of launch. I am trying to understand how we should think about the sales velocity.

Management: When we launch a project, we typically take the entire value of the project as part of the launch value instead of taking only the value of the inventory released. Therefore, you would tend to see that sales represent a smaller portion of the overall value. This is more prominent in the case of a larger project.

In the project pipeline that we have, which includes projects of more than 3,000 crores, we have one such project in Bangalore that we plan to launch in the second half of this financial year. It should also be of a similar size, or slightly lower than, the One World project.

Second, there is one more project in Bangalore that we plan to launch toward the end of the year. That project may not be 3,000 crores but would be more than 2,500 crores.

Pritesh Sheth – Axis Capital: So there are two large projects planned for the second half.

Management: That is right.

Pritesh Sheth – Axis Capital: Sure. One last question on approvals. While it is business as usual for most cities, I wanted to specifically ask about Chennai. After the new government came in, have you noticed any delays in approvals, considering that the government has only recently taken charge and is settling down? What timelines are you currently seeing for the Chennai launch?

Management: We have a very limited presence in Chennai. We are planning to launch one project in the next half. We have just completed one project, Sobha Arbor, and most approvals, even after the new government came in, have been quite swift. We have not experienced any kind of delay. In fact, the transition has been quite quick, and it is business as usual.

Pritesh Sheth – Axis Capital: Understood. That is all from my side. Thank you, and all the best for the second half.

Management: Thank you, Pritesh.

Operator: Thank you. The next question comes from the line of Parikshit Kandpal with HDFC Securities. Please go ahead.

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Parikshit Kandpal – HDFC Securities: Thanks for the follow-up. Just to clarify, when you referred to EBITDA margins of 15%, was that for FY27 or for the second half of FY27?

Management: The second half of FY27.

Parikshit Kandpal – HDFC Securities: What are the delivery plans for H2 FY27? Can you help us quantify them in million square feet or in value? How much delivery are you targeting in the second half?

Management: Our overall delivery plan for this year is approximately 6 million square feet. We have already completed close to 2.56 million square feet, which means that we plan to complete approximately another 3.5 million square feet in the second half.

Parikshit Kandpal – HDFC Securities: Does this mean that, at approximately {? 10,000 or 11,000 rupees ?}, it would translate into 3,000–4,000 crores of revenue for the second half?

Management: In that calculation, we will have to consider our share. That is one factor. Second, completing the project does not necessarily translate into handovers, which is when we actually recognize the revenue. Therefore, there may be some inconsistency between the two, but broadly, the figures you mentioned are ballpark numbers.

Parikshit Kandpal – HDFC Securities: Understood. My last question is regarding what is happening with geopolitics, interest-rate increases, and macroeconomic conditions. How are you viewing your macro markets? Surprisingly, Gurgaon has held up despite analysts calling it the first market that would decline. It has continued to hold up well. Developers are reporting good sales, and sustenance sales have been strong. I wanted to get your view on how the macro market may behave over the next few quarters, or over the next 3–4 quarters.

Management: It is very difficult for me to comment on exactly what is going to happen with the macroeconomic environment. Clearly, there is some caution related to interest-rate increases, as well as the combination of geopolitics and AI. Several factors can lead someone to become a little cautious.

However, when we look at the data on the level of interest we are seeing through leading indicators, such as inquiries and visits to our marketing offices, they appear to be quite steady. As you mentioned, sustenance sales also seem to be quite good.

If there is any further deterioration, the situation may be different. Conversely, any positive development could make things even better for us. I see the situation quite positively, in the sense that despite these so-called negative sentiments playing out, most of the leading indicators remain quite steady, and what we are seeing on the ground appears to be quite good. Interest levels are high, which is quite positive.

This means that if any kind of positive event occurs from here onward, things could be even better than what we are seeing today.

Parikshit Kandpal – HDFC Securities: Are you seeing good demand across your markets, such as NCR and Bangalore? Mumbai is relatively small, but in the key markets, does demand continue to

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remain quite strong on the ground?

Management: Yes, we see that demand is quite good. There may be pockets or certain projects where we have only one project in a city, and in those cases the situation may be specific to the micro-market or the project. Otherwise, overall, I would still say that demand appears to be quite steady.

Parikshit Kandpal – HDFC Securities: Is the Noida project doing well now? I mean the project we launched in Q1, around the time when the geopolitical situation and the war began. Are you seeing good momentum in sustenance sales there?

Management: Sobha Rivana started out well. I would not say that we saw a rapid start, but we launched the project in March of the last financial year, when the war had just begun and there was considerable caution in the market. Therefore, it started a little slower.

However, the interest levels are quite good, and the demand and walk-ins that we are seeing for sustenance sales are quite robust. We have therefore started making good progress at the site as well.

I would say that it is specifically an end-user market for that project, and I believe it is going to be a very steady project in terms of sales and overall completion.

Parikshit Kandpal – HDFC Securities: Okay, thank you.

Management: Thank you, Parikshit.

Operator: Thank you. The next question comes from the line of Biplab Debbarma with MK Global. Please go ahead.

Biplab Debbarma – MK Global: I wanted one small clarification. I think I missed that part. In the second half, what is your pipeline in terms of GDV and million square feet?

Management: Biplab, we have approximately 8 projects lined up, comprising roughly 12 million square feet. At an average price of about 15,000, that would be approximately 18,000 crores.

Biplab Debbarma – MK Global: Okay. Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you.

Management: Thank you, everyone, for joining today's call. I wish you and your families a very happy Vijayadashami. I hope we have answered most of your queries. For questions where we said we would have to revert to you, we will do so very quickly. For any other questions, please reach out to us. We will be happy to clarify them. Thank you, everyone, and we wish you the best.

Operator: Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines.

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Sobha

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