Embassy Developments

Operator: Good afternoon, everyone. Today is the second day of the Bharat Connect Conference, September 26 edition, and I welcome you all to the call of Embassy Developments Ltd. Today, from management, we have Mr. Aditya Virwani, the Promoter and Managing Director; Mr. Sachin Shah, the CEO of the company; Mr. Rajesh Kalmal, the CFO of the company; Karan Mittal, the company's Investor Relations representative; and Kriti Khandelwal, the Chief of Staff, MD Office. Thank you so much for joining us today on the call, sir and team. Before I hand over the call to management, I will lay out the flow of the event. We will start with a brief introduction to the company and then move forward to the Q&A round. Thank you, and over to you, sir.

Aditya Virwani – Promoter & Managing Director: Thank you, and good afternoon, everyone. My name is Aditya Virwani, and welcome to our call today. Let me start by giving you a quick overview of Embassy Developments, how it was formed. I will also spend some time discussing the last 18 months, because technically you could say that we are a new company, and then discuss the path ahead for us.

Let me start by talking about Embassy, a development company from Bangalore. Most of you should know us for Embassy REIT. We spent the last three decades essentially building the best assets in the commercial space, largely in Bangalore, but also a little in Pune and Chennai. We also partnered with Blackstone, and some of their assets now sit in Embassy REIT. It is the largest REIT in Asia from a square-footage point of view, and it is something that we are very proud of as a family. We also built WeWork India, which is by far the leading operator in the flex space. Again, for us, it was a play on commercial real estate, a space that we know very well. We still remain bullish on commercial real estate, and I will also talk to you about how this company is looking at commercial real estate.

The company actually started in the residential space. That is how my grandfather started the business. He was from Mumbai, and they moved to Bangalore. We capitalized significantly on premium housing at the time, in the early 1990s, but in the late 1990s, we started focusing more on office space because of the IT inflow into Bangalore. We still developed residential projects, and whenever we did residential projects, we were in the luxury space in Bangalore. Post-COVID, we took a conscious call as a family that we wanted to play both these asset classes very deeply. We have proven that we can do very well in office space, and we have proven that we can develop residential projects in Bangalore, but now it is a much deeper market. We want to expand that across the country and across segments as well—not just the luxury segment, but across segments.

That led us to the acquisition of Indiabulls Real Estate. The acquisition took some time. It took 4.5 years to conclude, but it finally concluded in February of last year. That was the formation of this company, Embassy Developments Ltd., which, for us as a family, is essentially our flagship development company. All development will basically be done in this company. We are focused on commercial and residential real estate. Today, residential continues to be the flavor of the season. A lot of the land that we originally brought in as Embassy was planned for commercial development, but we have actually changed it to residential because of the higher realization we can achieve as a developer. We feel that this trend continues. We still see the demand as quite robust, and it is giving us the confidence to continue on this path of doing more residential development. That is essentially a brief summary of Embassy and the formation of Embassy Developments.

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Regarding the last 18 months, which is when Embassy Developments was formed, we knew that we would start a little slowly, and that was something we knew going into it. Essentially, the Indiabulls entity did not have much debt, but at the same time, it did not have access to financing either because of the lack of a promoter and the lack of a clear story. When we joined Embassy Private and Indiabulls Real Estate, the first thing we had to do was capitalize the company. We did that with leverage. We went to the market and raised some debt. That debt was essential to kick-start the company and churn a lot of that capital into the projects that needed to be launched.

A few examples of that would be the large Worli project, Embassy Citadel. We needed 350 crores just to get to the RERA stage. Panvel, which was a stalled project that Indiabulls was executing, was a ghost site. It had, I think, about 70 laborers on site. Today, it proudly has 2,000 laborers and is fully operational again. That was a project where a lot of the sales were back-ended. The Indiabulls management team had structured a lot of 20-80 schemes, and therefore the project needed an infusion of equity so that construction could get back on track, achieve some of the milestones, and basically get to a stage where, upon receiving the OC, the company could collect a significant amount of money.

We raised a substantial amount of money, essentially churning it into existing projects that were stalled and launching new projects, which took some time. Q1 and Q2 were very slow for the company. Then, really, Q3 and Q4 of last year were when a lot of our launches came to market. We set ourselves guidance of 5,000 crores of pre-sales. We ended up doing 4,600 crores, which we are very proud of. We had some delays due to the Iran war and because Citadel was launched only in February, and that was the big launch. There were a few such factors, but it is okay because we are going to catch up this year.

Going into this year, we felt very confident. We decided to set ourselves guidance and be clear about the breakup. The total guidance is 8,000 crores, comprising 6,000 crores from our own projects, which will contribute to the top line and the bottom line, and 2,000 crores from DM-related projects, comprising two large projects, Juhu and Sky Terraces, where this company will receive 10%. That 10% will contribute to the top line, and a significant amount of that 10% will also contribute to the bottom line. Therefore, there is a very attractive margin even in the DM projects. All in all, the guidance we set was 6,000 crores plus 2,000 crores.

Q1 was 800 crores, which was not bad because we did not really have a launch in Q1. Q2 is going to be our biggest quarter ever. We launched four projects, and all of them have been successful. We launched a really large project in Bangalore called Embassy Origins, which is split into two projects. It is a villa project starting at 14 crores, so it is quite luxurious. We also have an apartment project starting at 2 crores. This gives us a hedge to play in the luxury segment as well as the premium segment.

We also launched Juhu, where you may have read that we completed the largest transaction in the country—a single-tower sale of 711 crores—with Angel One co-founder and founder Dinesh Thakkar. For us, while that is a DM project, it is an important milestone in our journey in Mumbai because, from a home-buyer's point of view, people in Mumbai are still getting to know Embassy as a brand. Executing Juhu to the quality at which we build our assets and showcasing that one buyer has enough trust to place 711 crores with Embassy is quite a significant statement and helps us in our

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journey in Mumbai. We are quite proud of that.

Going into the second half of the year, we have 7 launches. We feel very comfortable about achieving our guidance. We are around the halfway mark today, and we feel quite confident that we can definitely reach our guidance. I would say that a more important guidance we have put out is our collections guidance, which is 3,000 crores. I think that is the main focus of this company now. The market is really robust and continues to be so. People appreciate Embassy and the products that we are bringing out. Sales are demonstrating that, but now execution has to catch up. All eyes are on our execution team to make sure that we achieve our slab cycles, get out of the ground, and achieve our slab cycles. That is really when developers collect most of the money. On the top-up, we collect about 70% of our money. That is the inflection point for this company, where I think that sometime around this time next year is when the company will start seeing a significant amount of collections come in. Even for this fiscal year, 3,000 crores is something we are focused on and feel confident about achieving.

The game plan is really to keep launching the land that we have. We have a healthy pipeline of projects that we can bring to market. We will keep selling. I think selling is sometimes the easy part of this business if you have a great product, and we are seeing that. Now, all eyes are on execution, collections, and bringing our cost of debt down. Our cost of debt right now is 14%, which we feel is too high for where we would like it to be. However, it was raised at a time when the company needed to launch projects and required approval money, essentially equity money. It was expensive. As we enter this collection period, we feel we can significantly bring down the cost of debt, essentially moving from NBFCs to banks, because all of this will be construction finance. Eventually, we will also bring debt down as a whole. As cash keeps coming in, net debt will naturally go down. That is something the company will see over the next 12 to 18 months.

That is essentially it. Our focus is to keep cherry-picking new deals. BD is not a big priority for the company today because we have so much raw material to launch. At some point, it definitely will be. We feel that we need to cherry-pick deals. We should not be desperate to do any deal, and we need to be very selective with the deals we consider. In the early days, perhaps we will take a more asset-light approach, where we can spread less capital over a longer period. Eventually, we would like to move towards a more outright approach. We like that because, for the same amount of work, we end up making more money. Also, dealing with partners through JDs can be complicated. Eventually, this company would like to do more outright transactions.

The 3 markets that we would like to focus on are Bangalore, which is our home market. Even today, we would represent only 4% of the market, so we can definitely grow quite substantially even in our home market. The second is MMR, which is a completely new market. We have 6 ongoing projects and a few more launches planned for next year. It is a deep market that we can definitely focus on. The third is NCR, where we have 2 assets. We would like to pilot and start there. It is another deep market, as deep as MMR, but it is a market where we want to be extra careful, given how hot it has been and how pricing has moved up. We are going to enter it very thoughtfully and slowly. We feel that these 3 markets give us enough pipeline and opportunity for years to come, if not decades to come. We will be very selective about entering new markets beyond these.

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I will pause there. I wanted to talk to you about Embassy, the past of Embassy, the last 18 months, which was when we took over Indiabulls and when Embassy Developments was formed, and a little about the outlook and our game plan. I will pause there and keep it open for any questions. If anyone from the management team, Sachin or anyone else, wants to say anything, feel free to jump in.

Operator: Would anyone from management like to add anything?

Aditya Virwani – Promoter & Managing Director: Sachin or anyone else who wants to say anything, feel free to jump in.

Sachin Shah – CEO: I think Aditya has covered it well, so I think we are good to go.

Operator: Thank you so much, sir. I request participants to please raise their hands or write their questions in the chat box. We will take the first question from Mr. Deepak Malhotra. Sir, please unmute yourself and ask your question.

Deepak Malhotra: Hi. Am I audible?

Operator: Yes.

Deepak Malhotra: Thank you. First of all, thank you for the detailed background, Aditya. I know you have made a good beginning against a challenging background, starting from the beginning of the year. However, I think the business position is still not very clear when you look at it from our side. The reason I say that is as follows.

When I look at the sold receivables, which are approximately 6,000 crores, vis-à-vis your GTV and unsold inventory of almost 56,000–57,000 crores, we are still waiting for 90% of it to happen and crystallize. When I look at the launched and under-construction projects of 19,550 crores, almost 50% of that is the Citadel project, which is a good project, but that is it. Similarly, when I look at the 683 crores of projects that have received OC1, those are near-certainty projects. Overall, however, we are still facing a situation where these projects are more like a 5- to 10-year cash-flow pool.

Therefore, we do not really have visibility in terms of your cash flow over even the next few quarters, although you have been bullish about it on the call and as you have now mentioned. When we combine that with your pre-sales-to-collections ratio, that ratio is still 35%. When you compare it with others, that number is almost double for the competitors. What I am looking for is the trend in terms of pre-sales, collections, and, more importantly, the construction that you are going to undertake, so that we know which milestones you are likely to reach and how that will consequently result in cash flows.

That is the key because, from an accounting perspective, the way we are reporting does not look good, but we can leave that aside because that is more an accounting issue. The key is cash flow. That is my first question, and I want to understand the same from you. Thank you.

Aditya Virwani – Promoter & Managing Director: Sachin, do you want to start and then add to it, or how would you like to do it?

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Sachin Shah – CEO: Yes, sure. Please go ahead.

Deepak Malhotra: I would like to ask the second question later because that is also a detailed question.

Sachin Shah – CEO: Thank you, Deepak. You have given us a very detailed analysis. I think it is important to understand that when we talk about 57,000 crores of GTV, it comprises 6,000 crores of DM projects and 50,000 crores of our own projects. Of that, we have not even started launching almost 40,000 crores worth of projects, comprising the 13,000 crores of FY27 upcoming projects and the planned projects of approximately 23,000 crores.

When Embassy stepped into the company last year, we looked at our entire asset pool and started breaking it down into what could be developed in which year and what we should bring to the market first and second. There was a whole natural progression, and a 3-year business plan was put together, which we released last year. Therefore, some of the things that you are discussing and these high numbers obviously need to be considered in the context of a 3-year plan, and some of it is also beyond the 3-year timeline.

Today, what we have is roughly 6,000 crores of sold receivables against a GTV of approximately 14,000 crores. Keep those numbers in mind. The second point relates to cash collections, which is very important. Last year, we were at around 35%. This year, the guidance we have given the market is that we will have approximately 3,000 crores of cash collections on a 6,000 crore pre-sales number. That itself has improved from last year's 35% to 50%, and the idea is that, on a steady-state basis, we want to take this to approximately 70–75%.

However, that can happen only over time because, when the company was formed last year, we had all these different assets, but most of them were at some form of design or planning stage. Everything has now been launched over the course of last year and this year, and will be launched next year. Eventually, they will start generating cash flows.

In any given project, when you start—for example, Citadel—you spend a considerable amount of time digging down, excavating, reaching the plinth level, and then building upward from the plinth. As you start building upward, you will see more and more collections taking place as the building rises vertically. Think about us having a group of different projects that we started from scratch, spending money, obtaining approvals, starting excavation, and achieving very good pre-sales numbers. Once we reach that inflection point, that is when things change for us with respect to cash collections.

We are not there yet, but I think we have good visibility in terms of being able to see that. That was a major part of the guidance we gave. This year, we are moving from last year's 35% cash-collections-to-pre-sales ratio to 50%, and it will keep increasing. Aditya, do you want to add anything?

Aditya Virwani – Promoter & Managing Director: Sachin covered it perfectly. I would just say that if there is one ratio that I feel people should look at, it is the collections-to-pre-sales ratio. As correctly stated, we will move from 35% to 50% and then move upward because a lot of the projects that we launched in Q3 and Q4—leaving Citadel aside for a moment, because that is a

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large project—but even if you look at {? Worde ?}, {? Greenshow ?}, and many of the Embassy Springs projects, including the ones we are launching this quarter, it takes 6 months to come out of the ground. It is during that slab cycle that the collections really come in.

In the early days, while Q2 will be our biggest quarter from a pre-sales perspective, we collect only 5-10% at launch. After 90 days, we collect another 10%, but the main collections come once we are out of the ground. This simply reflects where we are in our capex journey. The key ratio is that if this number keeps increasing, then the company is executing well.

Deepak Malhotra: When you look at the construction milestones, if you look at the balance sheet numbers reported last year, we have approximately 12,433 crores of inventory and work-in-progress vis-à-vis approximately 6,350 crores of trade payables. I understand that this does not flow to the P&L. At the same time, I am keen to understand this because you mentioned Citadel. That is a 10-year trajectory, even though you plan to complete it by 2031-32, but that is really going to happen quite some time from now. It is not something immediate.

What I am trying to understand is the actual construction plan and the underlying cash flow because, for me, operating cash flow is very important. That is where I am trying to focus, Aditya.

Aditya Virwani - Promoter & Managing Director: In a way, you are contradicting yourself because the cash margin the company has is upwards of 50% if you subtract the sales that we can achieve and the construction cost. However, from an accounting point of view, it will only be recognized in 5, 6, or 7 years. We are focused on generating cash, and that cash will be generated over the next 12 months when our slab cycle starts on all these launched projects. To me, that is the inflection point at which collections will catch up from a ratio perspective.

Sachin Shah - CEO: I will add one more thing here, Aditya. If you look at Q1, for example, we had approximately a 56% spend-to-collection ratio. Let us take that one step further. We are currently targeting a 50% collection-to-pre-sales ratio this year. If we maintain a 56% or, let us say, a 60% spend on construction activities relative to collections, that means I am targeting approximately 1,800 crores of construction spending this year. That would be 1,800 crores out of my 3,000 crore collections and out of my 6,000 crore pre-sales number. Quantitatively, that may give you the trajectory I am trying to achieve this year in terms of collections, construction spending, and pre-sales.

Deepak Malhotra: Sachin, my question is not about the accounting policy, as I said. That is irrelevant to me. I am looking at the cash flow. My question was about how much construction you are undertaking. If you are showing almost 12,500 crores of inventory and WIP, then how much construction is taking place? Even this year, you are targeting construction of almost 8,350 crores. What is really happening on the ground? That is the key question I am asking, Sachin.

Sachin Shah - CEO: How did you arrive at that 8,000 crore construction number?

Deepak Malhotra: If you look at your Q1 presentation, page 15, your pending construction cost is 321 crores for projects that have received OC and 8,030 crores for launched and under-construction projects. You are telling me that this year you are going to undertake construction of only approximately 2,000 crores, or 1,800 crores if I heard you correctly.

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Sachin Shah – CEO: Yes, that is roughly what it is going to be this year. That is not the total amount for the year. That will happen over a period of time.

Aditya Virwani – Promoter & Managing Director: Deepak, you are right. Out of the 8,000 crores, we will spend approximately 1,500–2,000 crores this year. If I have to answer your question in one line, the inflection point on collections will take another 12 months. However, if we achieve that 50% this financial year, everyone will notice that we are on the right track.

Deepak Malhotra: [inaudible] I think you also mentioned on the previous call, Aditya, that when you were looking at collections of 3,000 crores, it would really look good in Q3. So, are we on trend [overlap]?

Operator: Deepak, your voice is not clear.

Aditya Virwani – Promoter & Managing Director: Sorry, did someone...? Okay, I think someone is speaking. Yes, Deepak? No, I do not think it is Deepak; I think it is someone else. In any case, it is gone now. Were you asking whether we are on track to achieve the 3,000 crores?

Deepak Malhotra: Yes, please, Aditya. You mentioned on the previous call that I can understand Q1 being low, as it was last year as well. I am not concerned about that because I am looking at the long term. However, you were very bullish on the previous call that Q2 and Q3 would look good, and you also launched these projects. How are we trending there? I would like to understand that. Thank you.

Aditya Virwani – Promoter & Managing Director: You will start seeing this in Q3 and Q4, given that Q2 was a major launch quarter for us. We feel confident about that. By the way, I keep telling people that, more than the sales milestone, the 3,000 crores of collections is actually the most important milestone for us. I feel very good that we will achieve that this fiscal year.

Deepak Malhotra: Okay, great. My second question is essentially—

Operator: Deepak, I request you to please get back in the queue because there are many people waiting.

Deepak Malhotra: I have one more question. If I can ask it, I will then get back in the queue.

Operator: Okay, sir.

Deepak Malhotra: The question is about expensive debt, which I think you have already referred to. At the moment, we have approximately 4,000 crores of institutional debt and 1,063 crores of shareholder debt. You have already indicated your intention to convert it at the same price of 1,150, essentially to bring the interest cost down. However, what is really happening with Blackstone?

If we look at the history of Blackstone, they initially brought in 1,235 crores to invest in the company. At the same time, they sold {? Blue-N-X ?} to the group just before the merger was formalized, sometime in the early part of 2025, at a valuation of 1,150 crores. Then they lent you an NCD of 645 crores, which was repaid as part of your other company, {? Adiesia ?}. Later, 695 crores was again lent by EDL to this subsidiary company.

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Somehow, even though the 645 crores was repaid to Blackstone, another approximately 700 crores came in again, and there is no record of the terms on which it was done. It looked to me more like a refinancing. Right now, I think you have already mentioned that it is at approximately 18% as a refinancing.

The Blackstone deal, to begin with, looked more to me like a strategic restructuring transaction rather than a pure, clean investment into the company. What I am trying to understand is this: when we talk about reducing debt, first in terms of quantum, and second, bringing the interest rate down from 14% to whatever 10–11% we are targeting, and when we compare it with other companies, including the leading ones whose names I do not want to mention, that cost is... [audio drop].

Operator: I think there is some problem. We will take the next question in the meantime. Chiranjeev, you can unmute yourself and ask your question.

Aditya Virwani – Promoter & Managing Director: We will come back to that question.

Operator: Yes.

Chiranjeev: I thank you for the opportunity. I would say that the investor community has 2 concerns with the company, and Deepak, the earlier speaker, has correctly raised them. The first is cash flow, which we have discussed at length. The second is the high interest rate.

The point I am raising is that 14% as of today is quite high, and we should be targeting 10%. I have 2 questions related to that. The first is whether you could shed some light on these NCDs that have recently been issued at 12.5%, which is quite high. What exactly are the management's compulsions to offer NCDs at such high rates?

The second question is whether there is any plan for land monetization. In one of the calls, we discussed the land parcel in {? Sonara ?}, which is 542 acres, of which 500 acres is not directly encashable. Is there any plan to encash the land parcel and pay off this high debt cost? Alternatively, is there any plan to convert any debt into equity? Please shed some light on this.

Aditya Virwani – Promoter & Managing Director: From our point of view, we acknowledge that the debt is high, and it is a journey for us to bring it down. Why is it high? We needed a lot of this money to launch these projects. Equity had to be invested for approvals, and that cannot simply be financed through construction financing, which is typically what comes in at a lower rate. We had to do that. Some of those debts also have a MOIC period.

We have consistently been telling the market that sometime around this time next year, the company will have a significant amount of receivables on the books. At that point, we can really reduce this cost of financing, essentially moving from NBFCs to banks for these various projects. We feel that this is simply a journey to reduce debt and the interest rate.

Regarding land monetization, the company has some land across the Raigad and Panvel region. There are 1 or 2 significant land parcels, which constitute the majority of the land. One is Nasik, which is approximately 1,500 acres, and the other is Sonara Road. I will start with Sonara and let Sachin discuss Nasik, since he is personally handling it.

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The Sonara Road land has to go through 3 seasons of farming. Essentially, it is Pahadi land, so we need to convert it from that into licensed land. That process has started, but it is a somewhat lengthy process, and I think we are in the first or second season. In the next 12 months, we should hopefully be able to convert it and obtain the license. At the same time, we are very open to selling the land at the right price because it is not a very prime piece of land and is not exactly in line with our strategy for the North. We are working on it, but it is going to take some time.

Before Sachin talks about Nasik, there is a group of scattered land parcels across the Raigad and Panvel region. While those are future locations of Mumbai 3.0, they are not ready to be developed today. They also need a lot more money to make the land parcels better, create continuity, provide road access, and complete conversions. We feel there are better uses of capital in this company today than deploying money there, where it will take a long time to unlock the value.

When this company has a lot of surplus, we can definitely allocate some of that surplus to cleaning up a lot of these land parcels and eventually unlocking them. Today, however, our first priority is launching the land we have and putting all the money there. Any surplus money can also go toward paying off high-cost debt, such as the Blackstone debt, which is at 15%.

Second, even before touching our land, we can look at BD opportunities where we can launch very quickly—within 12 months or a maximum of 18 months. Those are areas we find more interesting and a higher priority than addressing the land bank. The one big parcel is Nasik, which is significant and constitutes approximately half the land bank. Sachin can provide an update on the status of Nasik.

Sachin Shah - CEO: While we have 3,000 acres, this one land parcel constitutes approximately half of it. I see a monetization plan happening in Nasik over the next 24-36 months. We are already working with MIDC. There were certain legal issues that we believe we can resolve amicably with MIDC. We believe that is the area of focus and where our focus should be, as Aditya said, with respect to the land parcels.

It is not that we are sitting on the land without considering it or trying to figure out what to do with it. We believe that the land can be divided into different buckets. Some of it can be monetized more easily, and fortunately for us, that one land parcel constitutes half of our total acreage. That is what we are doing with Nasik.

One of your questions related to debt and Blackstone conversion. Embassy converted at 111 rupees even while the stock was at 60, underpinning its faith in the stock and its long-term vision of holding the stock and seeing value accrue over time. Blackstone, obviously being a fund, cannot convert at such high levels and then have a mark-to-market loss on day one. That is the reason Blackstone has not converted yet.

We are in discussions to determine different ways of either converting the debt, paying it down, or converting it into inventory financing. We will come back to everyone with something more concrete once that is finalized with Blackstone.

Operator: Thank you so much, Chiranjeev. I request you to please get back in the queue. I now request everyone to restrict their questions to 1 each because of the time constraint. We will take

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the next question from Mr. Raghav. Sir, please unmute yourself and ask your question.

Raghav: Hi. Am I audible?

Aditya Virwani – Promoter & Managing Director: Yes, sir.

Raghav: What is the plan for debt restructuring, and what could be the current value of the Nasik land?

Aditya Virwani – Promoter & Managing Director: Regarding debt restructuring, as I mentioned, sometime around this time next year, we will refinance a significant portion of our debt. That will move from 14% to construction finance. Whether that is 10% or 11%, the market will determine, but it will come down significantly—by at least 2% and perhaps even 3%.

Raghav: Can you provide any indication of the quantum?

Aditya Virwani – Promoter & Managing Director: I would estimate at least 2,000 crores, perhaps 1,500 crores of that. Essentially, this would include the Citadel loan and the loan we have on Embassy Springs. I would say that at least half the debt should be refinanced.

Regarding the cost of the Nasik land, when we first took it over, it was worth nothing. Now we are seeing that it could be somewhere between 2 and 3 crores per acre and could be even higher. We will see when we unlock it. We are also conducting a study with JLL and CBRE on how best to utilize this land. The initial thought is industrial plotted development. We would develop the infrastructure and divide the land into smaller plots, where we feel we could realize an even higher value per acre if we provide the infrastructure.

Raghav: Thank you.

Operator: Thank you so much, Raghav. Amish, please unmute yourself and ask your question.

Amish: Hi, sir. Congratulations on 2 landmark transactions for Q2, where we launched the Bangalore project and sold a tower in {? Jalva ?} Promoters. I have a couple of questions regarding the project.

Since it is an MOU, could you explain whether 1 RERA receivable has been recognized? I am assuming it would have happened. You said our share is 10%, and a significant portion of that will flow through. Should we be assuming that it will be recognized based on collections or construction? I am trying to understand the accounting from a DM perspective.

Aditya Virwani – Promoter & Managing Director: I believe it is based on collections, right, Sachin?

Sachin Shah – CEO: Yes. The reason it is an MOU is that, as you would expect, someone buying a home for 700 crores wants certain changes within the plans we had. We are therefore making some plan amendments and will get it registered after that. That is the only reason it is an MOU.

Amish: But it will be formally launched in Q3, in a couple of months, right? Is that the status?

Sachin Shah – CEO: The project is launched.

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Amish: The project is launched. Will construction start, or is it already in the construction-start phase?

Sachin Shah – CEO: Construction is also underway. It has already been fully excavated, and construction is proceeding at full speed.

Amish: That is heartening to note. That project may provide the much-needed brand equity in the Mumbai market, so congratulations on that, sir.

My second question is regarding the Bangalore side. We have launched a large project, Origin, and you also issued a press release about a very different marketing concept. Could you briefly update us on whether there have been any pre-sales, advance bookings, or anything of that sort? Please give us some indication. Also, how should we look at the Bangalore market from an approvals perspective? Many of our project launches this year are in Bangalore. Could you give us a sense of the approval cycle, which was delayed last year because of the change in government?

Aditya Virwani – Promoter & Managing Director: Bangalore continues to be our home turf, and that is reflected in the launches we have here because we achieve much higher premiums than what we even underwrite. Origin is a great example of that. I am honestly overwhelmed by the demand we have seen. It comprises 2 projects: Riverine, which is the villa project, and South Reserve, which is the apartment project.

Riverine starts at 14 crores. We have achieved over 1,000 crores in Riverine. Embassy South Reserve is a 2 crore product, and that product is also now approaching 1,000 crores. It has been a very successful launch, especially in the luxury category. A 14 crore home in Bangalore is extremely luxurious, so we are very pleased with the response we are receiving. It is also making me think that we should double down on luxury and create the kind of supply that most people are not creating in Bangalore. It has been quite successful for us.

I am sorry, I forgot that you had one more question toward the end. How did Origin perform, and—

Amish: And, sir, what is the overall approval cycle for us in the Bangalore market?

Aditya Virwani – Promoter & Managing Director: Approvals are the most challenging part of this business in every city. You may be covering several real estate players, and unfortunately, in Bangalore, that {? GPA ?} meeting has not yet taken place since the new Chief Minister took charge. That is creating a situation where I think Q2 will be quite weak in Bangalore from a launch perspective.

Fortunately, our Origin project was a KIADB project, so it does not come under the {? GPA ?} planning authority. Our other launches are also on {? BIAPPA ?}, which also falls outside the {? GPA ?}. We have 1 project, Sky Terraces, which is the DM project, that is waiting for the {? GPA ?} meeting to take place. However, quite uniquely and fortunately, most of our projects are outside the {? GPA ?} jurisdiction. This is an ongoing challenge that you should consistently hear about from all Bangalore developers.

Amish: That is heartening to understand, sir. Just one last clarification—

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Operator: Thank you so much, Amish. I request you to—thank you. We will take the next question from Mr. Kevin. Sir, please unmute yourself and ask your question.

Kevin: Hello. Good morning. Am I audible, sir? I hope my voice is audible.

Aditya Virwani – Promoter & Managing Director: Yes, hi, Kevin.

Kevin: Hi, team. Thank you for taking my question. First of all, I have a basic bookkeeping question. Could you tell us your estimate of the NAV of the company, the net asset value of the company? What is your estimate of the NAV of all the projects combined as far as the company is concerned?

Sachin Shah – CEO: Kevin, that is a nice question, but I do not think we can comment on our own NAV for the company. That would be difficult for us to do. What we can do is focus on how the company is performing in terms of pre-sales, collections, launches, and BD. Aditya has done a very detailed job of explaining that.

Kevin: Okay, fine, sir. How many more quarters can we expect these bottom-line losses to continue? When will we finally be finished with all the accounting and legacy issues, including the accounting losses, accounting entries, and upfront treatments? When will the entire accounting impact be over for us? How many more quarters will it take?

Aditya Virwani – Promoter & Managing Director: I think it will take a couple of years, not quarters, Kevin, unfortunately. My estimate would be 3-4 years. However, someone mentioned a long period of 7-10 years—I think it was Mr. Deepak—and I disagree with that because Citadel is the only long-duration project. The other projects, especially the ones we do in Bangalore, are sold by us and generate cash.

Management: We do not go very tall, so we finish these buildings in 4 years. Typically, 4 years is what it will take for revenue to be recognized. It will take 4 years. There is no other way around this.

Kevin: Mr. {? Harish ?} actually asked a question about this entire Blackstone transaction. Blackstone has hired—ended their money. What is the entire story behind Blackstone? Was it really a kind of interesting transaction? I just want to understand your views.

Management: I could not understand. Could you say that again?

Kevin: Yes. Coming back to the question that Mr. Deepak asked earlier, regarding the entire Blackstone journey: as he said, was this actually a restructuring transaction given the 18% interest rate? I want to understand your view on how it was structured and planned.

Management: Okay, Sachin, do you want to—

Sachin Shah – CEO: I think this also answers what Deepak was asking earlier. When Blackstone came into the company as a shareholder, they were already a partner with respect to the Citadel transaction. They were a 50% partner—sorry, we have that 1-minute stretch break. Give us a second, everyone.

Operator: We can hear him clearly. I think the music is not coming through. It is running on our end, and we have the license, so I do not think it will affect the call.

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Management: Sachin, I cannot hear anything, so you can keep speaking.

Sachin Shah – CEO: You cannot hear the music in the background? No, no. Great, perfect. We have that 1-minute stretch break at 2:50 every day. Sorry, everyone.

What I was saying is that when Blackstone came into the transaction, they were already a shareholder, with a 50% shareholding in the Citadel transaction. What we wanted to do was control our own fate and destiny with respect to Citadel. Therefore, what we did was convert their almost majority ownership in a single SPV into a minority ownership within the larger parent entity, the public entity. That is what the transaction signifies.

There is some Blackstone debt from before. That is primarily the debt that was already there with respect to one of the projects called Embassy One. That debt is still there, and we are now trying to determine how to convert that high-cost debt into equity.

Kevin: There is some background noise. There is a lot of noise behind you.

Management: I think it is from {? yours ?}.

Operator: It is.

Kevin: I think my side does not appear to have a network issue, but Sachin's background was quite muffled, so I was not able to fully understand the answer. Could you please repeat the answer? I would be very thankful.

Operator: Due to the time constraint, we will have to end the call because I have to start another call. If participants have any further questions, they can get in touch with Arihant's team, and we will connect you with the management of Embassy. Thank you very much to the management and the participants for sparing their time and sharing insights about the company. Thank you very much.

Management: Thank you, everyone. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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