Prestige EstatesProj

Operator: Ladies and gentlemen, good day and welcome to the Prestige Estates Projects Ltd. Q1 FY27 earnings conference call. 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 zero on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Pratiksha from Axis Capital. Thank you, and over to you, sir.

Pratiksha – Axis Capital: Thank you, Shruti. Good afternoon, everyone, and thank you for joining the call. From the management of Prestige Estates Projects Ltd., we have Mr. Irfan Razack, Chairman and Managing Director; Mr. Zaid Muman, Executive Director; and Mr. Amit Mors, the Chief Financial Officer. I will now hand over the call to the management for their opening remarks. Thank you, and over to you.

Irfan Razack – Chairman & MD: Good afternoon, everybody. I will hand over to Zaid to give the opening remarks. We also have Mr. Nayak, our Chief Finance Controller. He is also joining us on this call.

Zaid Muman – Executive Director: A very good afternoon to everybody, and thank you for joining us today. The first quarter has been a good start to the year, with stable operating performance across all our businesses. We continue to execute on our development pipeline, maintain healthy collections, and see consistent performance across our office, retail, and hospitality portfolios, while laying the groundwork for a much stronger launch calendar over the balance of the year.

Our residential business recorded pre-sales of 6,579 crores during the quarter, with sales volumes of approximately 6 million square feet across 337 units sold. Customer collections remain robust at 4,802 crores, reflecting healthy customer demand and continued execution across our projects.

Geographically, our sales remain well diversified. Hyderabad contributed 49% of quarterly sales this time, driven by the successful launch of Prestige Golden Grove, followed by Bangalore at 27%, Mumbai at 12%, NCR at 7%, and other markets at 5%. Average realization for apartments stood at 11,193 rupees per square foot, primarily reflecting the geographical mix of sales, with Hyderabad accounting for nearly half of our quarterly pre-sales.

During the quarter, we launched four projects spanning a combined 20.16 million square feet of developable area. These included Prestige Golden Grove in Hyderabad, Prestige Gardenia Estates Phase 2 in Bangalore, Prestige Forest Hills Phase 2 in Mumbai, and Prestige Century Landmark, a commercial development in Bangalore. Together, our residential launches represented a GDV of approximately 12,000 crores. While Prestige Golden Grove contributed significantly to our quarterly performance, Prestige Forest Hills Phase 2 was launched toward the close of the quarter and therefore had only a limited contribution to Q1 sales. We expect the momentum from this launch to be more meaningful over the coming quarters.

During the quarter, we also completed three projects with a developable area of 4.37 million square feet, comprising Prestige Tech Forest, which is a commercial project; Prestige Sanctuary, a residential project in Bangalore; and Prestige Cityscape in Kochi.

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Our annuity portfolio also delivered another healthy quarter. In our office business, we recorded gross leasing of 1.5 million square feet during the quarter. A key highlight was the successful pre-leasing of the entire development at Prestige JRP Signature Towers to one of the leading banking institutions. This demonstrates the continued preference of marquee occupiers for well-located, institutional-quality office developments. The exit rental of our commercial portfolio for FY27 stands at 365 crores.

Our retail portfolio continued its strong performance, with gross turnover increasing 18% year-on-year to 737 crores. Footfalls across our malls reached 5.2 million during the quarter, while the FY27 exit rentals for the retail portfolio stand at 370 crores.

Our hospitality portfolio also continued to perform well, supported by increased occupancies and comparative average room rates.

Beyond business performance, we also remain committed to our sustainability agenda. On the occasion of World Environment Day, the company participated by planting 1.25 lakh saplings as part of our commitment to plant 1 million trees in Bangalore. This initiative reflects our continued focus on integrating environmental stewardship with long-term value creation across our developments and the communities we serve.

As we enter the festive season, we have a strong lineup of high-value, high-velocity launches across our key markets. These include marquee developments such as Prestige Business Bay in Mumbai, Prestige Bougainvillea Gardens, Prestige Meadows in NCR, Prestige Falcon City Resort in Bangalore, and Prestige Cloverdale in Chennai. Prestige Place in Hyderabad is among the important launches lined up for the second quarter, which will further strengthen our momentum heading into the festive period.

Beyond launches, we also continue to strengthen our long-term growth pipeline. During the quarter, through significant business development, we expanded our presence in three new micro-markets in Mumbai, namely Thane, Borivali, and Worli. This marks another important step in broadening our footprint in the Mumbai MMR region. These acquisitions not only expand our footprint but also add to our launch pipeline, with our teams already working in advance toward launching these projects over the coming quarters.

With this, I think we are happy to take your questions and hear more feedback from you.

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 one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Pratiksha from HDFC Securities. Please proceed.

Pratiksha – HDFC Securities: Good morning, and congratulations on a good quarter. My first question is on the Hyderabad contribution to sales in this quarter, specifically the Golden Grove project. Compared with the GDV, the numbers look a little muted. Could you give us some color on how Hyderabad demand is shaping up in the current environment?

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Zaid Muman – Executive Director: We have already sold 60% of the total project. We have a GDV of approximately 9,500 crores, including the landowner's share, which we are not selling. I think we have sold very well there.

Pratiksha – HDFC Securities: Okay. On business development, I think we announced strong business development, including {? Aran Nagar ?}, in Q1. How is the rest of the year looking in terms of business development across Mumbai, Bangalore, Hyderabad, and NCR? Could you give us more color on the targets for this year? How much business development do you think we can complete this year? How quickly can we bring these projects, especially {? Aran Nagar ?}, into the launch pipeline?

Zaid Muman – Executive Director: In terms of business development, it is very dynamic and changes quarter-on-quarter. We are on target to achieve that spend for the year. We are targeting approximately 4,500 crores of spend toward business development for the year, which will be spread over the ensuing quarters.

In terms of launches, this quarter we plan to launch four projects in Bangalore: Prestige Airborne, Prestige Battersea, Prestige Garden Breeze, and Prestige Springboard. These are all under approval. We should get all these approvals within a maximum of 8 or 10 days, after which we will obtain RERA approval and launch them.

Apart from that, we are going to launch Prestige Palm Court in Chennai this quarter. There is quite a lot of action that we are going to see. So, Garden Breeze, Airborne, Springboard, and Battersea will be launched this quarter in Bangalore. Palm Court will be launched this quarter in Chennai. Park Street in Chennai will be launched next quarter, and then the other launches will follow.

There is a large launch pipeline, with almost 45,000 crores worth of launch pipeline still pending. I think everything seems to be on target. In fact, Q3 will see Prestige Meadows, Prestige Bougainvillea Gardens, and Prestige Chambers 51 in Mumbai. Two are in Delhi, while Chambers 51 is in Mumbai.

Pratiksha – HDFC Securities: Just one last question from my side. Have you seen any impact on the ground in terms of delays in deal closures by customers or any elongation in the sales cycle because of geopolitical tensions or concerns around AI? There has been a lot of discussion around AI and its impact on a slowdown, especially for traditional IT companies and the related demand. On the ground, especially in Bengaluru, how are things shaping up? Across your other sites and geographies, have you seen any impact, or has sentiment around geopolitics changed?

Irfan Razack – Chairman & MD: I think you asked 3 or 4 questions all in one go.

The first part was about delays. We had a significant amount of stress in the last quarter, which of course will have an impact on handovers. During the elections in Assam and West Bengal, a large amount of labor had gone away, and now they have started coming back or have come back. We did have significant stress for approximately 2 months. This will impact deliveries by a month or so, but there is nothing to be concerned about.

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Your next question was how geopolitics will affect the business. The business has not been affected because of geopolitics, but our costs have gone up because of geopolitics, because oil prices have gone up and commodity prices have gone up. Obviously, our costs have gone up, but that is only for that particular period of 3 or 4 months, or for however long it lasts. Then we go back to normal. However, there will be some impact on bottom-line expenses.

The third part of your question was whether demand is still there. Demand continues to be there; we do not see any issue.

As for AI, I think AI is more positive than negative. AI is another business model that is emerging, and more job creation will happen. On one side, mundane jobs, such as regular accounting jobs, may be at risk. At the same time, new types of jobs are emerging that are more technical, and everyone will have to upskill themselves.

However, we do not feel the pinch here. We believe there is demand, people are positive, and they have a need and are committing themselves even at these higher prices. That is the amazing part of it. This is not only in Bangalore; it is across all the cities in which we operate.

Pratiksha – HDFC Securities: So, you remain confident of the 15-20% pre-sales growth that you guided for in the last call?

Irfan Razack – Chairman & MD: Yes, we are very, very confident of achieving that, given that we have a large pipeline. The only thing that may cause a problem is if these products do not come to market. But once we enter the market, I do not see us not selling. The question of not being able to sell does not arise.

However, we always face the problem of delays in approvals and delays in obtaining RERA approval. In fact, that is where our major stress is. As I mentioned, 4 projects that should have come in Bangalore have now been delayed to this quarter. Otherwise, instead of 6,500 crores, we would have been able to say that we did 8,500 crores. But those projects will come this quarter. There is a large pipeline, and I think it is a good pipeline.

We now also have 3 or 4 large projects in Goa, where we have invested in land. It is like a moving target. Every week, we are promised the following week, and the following week does not come. As a result, we cannot really plan. That is where our problem lies. In spite of all the connections and relationships, sometimes timelines keep moving.

Pratiksha – HDFC Securities: No, thank you, and I wish you all the best. That was my question.

Operator: Thank you. The next question is from the line of Kunal from CLSA. Please proceed.

Kunal – CLSA: Thank you for taking the question. I have a couple of questions. First, on the annuity side, in terms of the projection we have provided for rental income, particularly for the office portfolio, there has been some downward revision in the FY27 and FY28 numbers. Is this on account of some spillover in deliveries or completions? If yes, could you highlight that?

Zaid Muman – Executive Director: Basically, there are 2 projects for which we have pushed the timeline by a couple of months. It may be a delay of 2-3 months. We had planned those projects to

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be completed in March 2027, but the timeline for completion is now approximately June 2027. These are Exxon and JRC. These are the 2 projects for which we have pushed the timeline, but again, there is no significant delay as such.

Kunal – CLSA: This is just a couple of quarters or a couple of months of delay, and not a reason for stress?

Zaid Muman – Executive Director: No, not at all. It is just a couple of months of delay.

Kunal – CLSA: So, from 2029 onward, I think our estimates are pretty much—

Zaid Muman – Executive Director: In fact, for JRC, we have already committed to the tenant that we will hand it over in the June quarter of next year. It is fully leased out.

Kunal – CLSA: Also, on the cash flow side, in this quarter we saw a little bit of a surge in expenses. Collections were fine, but we saw a surge on the expenses side. Should we expect a similar level of expenses in construction and overheads for the rest of the year, or should there be some moderation? I am trying to understand where we would end up on the operating cash flow side.

Zaid Muman – Executive Director: You can expect expenses to remain in a broadly similar range. However, in Q1, expenses were a little higher because the bills submitted by contractors in the last quarter were certified, and we had to pay those bills.

Management: Construction costs were a little higher. Moreover, we have a good launch pipeline in Q2 as well as Q3, so we had to make some approval payments and other related payments. Because of that, construction payments were a little higher than what we had expected.

Kunal – CLSA: Correct. Does that mean that, because our collections are already broadly on track with our full-year guidance of 20,000 crores, if we are able to achieve the same guidance, would there be some pressure on operating cash flow compared with last year because we expect the same level of expenses to continue? I am just trying to understand where we would end up on the operating cash flow side.

Management: Even if cash flow is a little lower compared with the full-year guidance, the sales we guided for the full year have not occurred to that extent. We have guided for residential collections in the range of 21,000–22,000 crores for the year. Total gross collections, including all other verticals, will be in the range of 25,000 crores.

At the current run rate, collections will reach only 20,000–21,000 crores. However, once we launch the projects listed for Q2 and Q3, those projects will add to cash flows, and our free cash flow will definitely improve.

Kunal – CLSA: Understood. Lastly, I have one question on the NCR market. We have seen the NCR market perform well recently, and some new entrants received a very good response in the last quarter or so. Do you have any plans to scale up there in terms of project acquisitions or expansion into the Gurgaon market?

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Management: We have 3 projects tied up. One is an old project in Sector 150, where the master plan has now finally been approved. That is Sports City. We are only waiting for the building plans to be released, followed by RERA approval and the launch. That is imminent and will happen very soon.

Similarly, we have tied up Prestige Meadows in Sector 92, which will have a GDV of 4,500 crores. The agreements have been signed, and the plans have been drawn up and submitted for approval. The approval should come soon, so we should have a November launch.

There is one more project in Sector 190 or thereabouts, called Prestige Icon City. That project is also ready, and we are just completing the final paperwork. I think that should also be completed soon.

Apart from this, we are discussing 2 more projects. There is a good pipeline, and I think we are very bullish on the NCR market, particularly since it gave us some great numbers in the last financial year.

We are definitely trying to ensure that we get the right opportunities. We do not want to become desperate and acquire anything and everything. Only if it makes business sense and we believe there is bottom-line potential and the potential to generate good revenue do we lock in those projects. We have locked in 3 projects, and perhaps 1 or 2 more will come along as we proceed.

Kunal – CLSA: Lastly, on the business development side, will our spending be in line with what we guided at the beginning of the year, around 4,000-4,500 crores? Or are we seeing higher spending there?

Management: Yes. Of course, there will be a churn of capital, with inflows and outflows continuing to occur. Right now, even in Mumbai, we tied up a project yesterday, which we have just announced. We have tied up Thane, which is a very large project, and I believe it should do extremely well. It should progress fairly quickly because it is not an SRA project or a redevelopment; it is clean land. I believe it should do extremely well.

Kunal – CLSA: Thank you, sir, and all the best.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Rahul from Elara Capital. Please proceed.

Rahul – Elara Capital: Thanks for the opportunity. My first question is on leverage. How should we look at net debt moving forward through FY25? You did mention that you are going to spend approximately 4,500 crores on business development. Your annualized finance cost is running at approximately 1,800-2,000 crores, and your annual capex is approximately 3,500-4,000 crores. Where should we see your peak net debt level over the next 4-6 quarters? That is my first question.

Management: On the debt side, we have guided that gross collections for the year should be close to 25,000 crores, of which residential will contribute approximately 21,000-22,000 crores. Free cash flow will be in the range of 8,500-9,000 crores. The free cash flow we generate from operations will be sufficient to meet our capex spending as well as our business development spending.

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There may be a marginal increase in debt of a maximum of 1,000-1,500 crores, but not more than that. I do not think there will be a significant drawdown in debt this year. The launches we are planning will unlock capital, and there may also be a reduction in debt.

Rahul - Elara Capital: What is your debt at the SPV level, and what is its composition?

Management: Sorry, debt in?

Rahul - Elara Capital: At the SPV level.

Management: You mean joint ventures?

Rahul - Elara Capital: Yes.

Management: Our Prestige share of net debt in joint ventures will be in the range of 2,200 crores. This includes the DIAL project, the mixed-use project, and Tech Forest, which are the major ones.

Rahul - Elara Capital: Thank you, sir.

Operator: Thank you. The next question is from the line of Akash Gupta from Nomura. Please proceed.

Akash Gupta - Nomura: Hello. Am I audible?

Management: Yes, hello.

Akash Gupta - Nomura: Perfect. My first question is on the reported P&L. Margins were weaker, and EBITDA was down 4% year-on-year. I wanted to get your thoughts on the P&L and how the numbers are going to move over the next couple of quarters. That is my first question.

Management: On the margin front, the contribution of residential in the reported numbers is low. If you look at the residential top line of 1,500 crores, it was mainly because we did not have any major completions during the quarter. Because of this, handovers were lower, and the reported residential numbers were lower.

However, our fixed costs remain the same. In fact, they are increasing because we are planning heavy launches in Q2 as well as Q3. Because of the mismatch in revenue recognition, our reported margin is a little lower. But if you look at project-level margins, they remain the same. There is no pressure on project-level margins as such.

Akash Gupta - Nomura: Understood. My second question is on our launch pipeline. I think I heard about 3 launches in Bangalore and 1 in Chennai. That is still cumulatively approximately 30,000-40,000 million of launches. This would imply pre-sales of another 60,000-65,000 million in the second quarter. Wouldn't we be leaving too much for the third and fourth quarters from an asking perspective? If we have 450 billion of launches pending, why are we launching only 40,000-50,000 million per quarter?

Management: Why are there different figures? Of course, we would like to have more launches in Q2, but approvals and other matters are at various stages. Based on our current estimates, we

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expect some of those approvals to come in Q3. That is why we expect Q3 to be a big quarter for us.

Akash Gupta – Nomura: Is there any problem in a particular city causing a delay in RERA approval? What is holding up our projects? Where is the delay?

Management: There is no specific problem or delay. It is simply the time that certain processes take. Every project is at a different stage of the approval process, and each government department does not operate like the private sector. If it did, we would have a more predictable and shorter launch timeline.

Unfortunately, that is the situation. We do our best to ensure that things are expedited, but the timeline we are giving you is very conservative. Hopefully, we will launch faster, but timelines for some projects may move up or down by 1 or 2 quarters.

Some of them were recent acquisitions for which we are pushing hard to obtain approvals and bring them to the market. For example, Prestige Meadows in NCR and the Chennai project.

Akash Gupta – Nomura: Understood. That was my question. Thank you very much.

Operator: Thank you. The next question is from the line of Pritesh Sheth from Axis Capital. Please proceed.

Pritesh Sheth – Axis Capital: Thanks for the opportunity. I have 2 or 3 questions. First, I think we had 3 good project additions this quarter in Mumbai and across different markets. I wanted to understand the project structure of each of them. I know Aram Nagar is a JV. You mentioned that Thane is clean land, but is it a JDA? Also, what is the structure for Borivali, and what would be the margin expectations from these projects?

Management: Both Borivali and Thane are straight Joint Development Agreements, and I think the JDA for Thane was registered as of yesterday. All the terms are very clear.

Pritesh Sheth – Axis Capital: What are the margin expectations? Will they be similar to what we have at the company level, or are we likely to achieve better margins?

Management: We always like to achieve better margins. It all depends on the cost as well as the selling price. The selling price is going up, and it is a large development. I think Thane will have a GDV of almost 9,000 crores. We also want to achieve significant volume there. It should do well because it is a well-located piece of land, and it should perform well.

Pritesh Sheth – Axis Capital: In terms of Mumbai commercial assets, BKC and Mahalaxmi, we had done some pre-leasing earlier. Was there any progress after that in Q1? Have we completed more pre-leasing? Could you guide us on some numbers in terms of how much we have pre-leased for both assets?

Management: This is all work in progress. What I can say is that there is significant interest, and the numbers are very strong. We ourselves are holding back. At the same time, we are focusing on how we can complete the construction as soon as possible.

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Work is progressing at a brisk pace, but we will be most satisfied once the project is completed. The teams are working very hard to ensure that happens. We do not have any doubt about the leasing or the rental prospects. The rentals are also quite robust.

Pritesh Sheth – Axis Capital: Lastly, could you provide an update on the hospitality business? Around the IPO or in between, there were media reports about a private transaction as well. Could you clarify how we are approaching the monetization of the hospitality portfolio?

Management: As of now, there is nothing new to say except that the teams are working on various options. We will see what works out. It is all work in progress.

We could have proceeded with the IPO, which we had planned for September 30. At the same time, there is now interest from various private equity funds. Let us see what comes out of that.

Pritesh Sheth – Axis Capital: The debt there is also material enough that monetization could bring down leverage at the company level. That is all from my side. All the best, and thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Girish from Avendus Spark. Please proceed.

Girish – Avendus Spark: Thanks for the opportunity. Firstly, could you give us some understanding of the Chennai launches? We see close to 12,000–13,000 crores of GDV planned in this market. How confident are you about the sales velocity, given the depth of the market? In the past, we have seen Chennai projects have a lower sales velocity at the time of launch. Could you also give us an update on the approval stages?

Management: We are quite confident. The approvals are at a fairly advanced stage. Prestige Palm Court should be launched in Q2 for sure. This has approximately 1,200 crores of GDV, and I think this project should perform well in terms of velocity.

Next would be Prestige Park Suites. This will either be launched in Q2 or move into Q3. It has approximately 1,500 crores of GDV and is a luxury-segment project. We are quite excited about it, as Chennai has not seen a good-quality luxury project in the recent past. Especially for Prestige, this will be a significant project.

Next, our large launch in Q3 should be Prestige Falcon City. I would like to point out that both Park Suites and Falcon City are recent acquisitions. It is quite quick to turn these projects around and launch them in Chennai.

Falcon City will be 6.84 million square feet and will have approximately 5,000 crores of GDV. In Q4, we should launch Prestige Cloverdale, which is also a large launch of approximately 4 million square feet and another {? 5,000 crores ?}.

This adds approximately 13,000–14,000 crores of GDV in Chennai over the next 3 quarters alone, which we are quite confident of launching.

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Girish – Avendus Spark: Secondly, in terms of unsold inventory, which is close to 16–17 million square feet, we see that Hyderabad is quite large, at almost 10 million square feet. Could you give us some view on the sales velocity of the Hyderabad inventory, which I assume also includes Golden Grove, as well as the rest of the inventory?

Management: Golden Grove was just launched, as we said, and we have already sold approximately 60% of the inventory. We are quite confident of sustained sales over the next few months. Over the next 1 or 2 quarters, we should see that inventory reduce significantly.

We will also add some inventory in Q3 and Q4 in Hyderabad through new launches, namely Rock Cliff and Prestige Place.

Girish – Avendus Spark: Thank you, and all the best.

Operator: Thank you. The next question is from the line of Karan from AMSEC Capital. Please proceed.

Karan – AMSEC Capital: Just a couple of questions from my side. Firstly, in terms of launches in Hyderabad, have there been any changes in plans for Prestige Imperial Park this quarter? Also, Prestige Springwood, which was scheduled for FY27, has now been pushed to FY28. Is this a conscious decision to calibrate launches in Hyderabad, given the inventory levels there?

Management: No, not at all. Prestige Place is what was earlier called Prestige Imperial Park. We have undertaken a slight redesign and upgraded the product, but we are quite confident of bringing it in Q3 or Q4.

Prestige Place will now be a mixed-use development and will again be a luxury product because we believe that is the future of the area. It will include a hotel, office space, luxury premium retail, and branded residences, including Marriott and St. Regis.

The entire development has been designed by Benoy, and the designs are now finally ready. Large mixed-use developments with various types of components take time to conceive, understand, conceptualize, and get right. We now have the product right. The next step is to push the authorities to obtain the approvals, which should come in the next 1 or 2 quarters.

Once the approvals are in place, one thing about Prestige is that we are never going to push a launch. Our endeavor is to get the product ready and bring it to the market. I am very confident that once we come to the market, we will be able to sell and generate strong revenues.

For Prestige Place, we have just started construction of the CEC, which will take at least 4–5 months.

Karan – AMSEC Capital: Sure. On the remaining 450 billion of launches scheduled for later this year, you briefly spoke about Chennai. If we consider the top 5 or 6 projects, including Chambers 51 in Mumbai, Falcon City Reserve in Bangalore, Falcon City and Cloverdale in Chennai, and 2 other launches in NCR, that makes up approximately 30,000–31,000 crores. What is the current approval status, and what is the risk of these projects slipping into FY28 instead of FY27?

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Management: I do not think they will slip into FY28. We are working very hard to bring all of them in this financial year. They should come and will come. There could be some movement, but I do not think they should move into the next financial year. We still have 3 more quarters to go. Hopefully, everything should fall into place, and we should have them launched quickly.

Each region has a different government. We now have a new government in Tamil Nadu, and it seems to be positive. Everywhere else, it is all work in progress. I think the approvals should come through. I do not see any problem.

Karan – AMSEC Capital: Lastly, on business development, I am not sure whether you have communicated the outlook for the rest of the year. You have already closed 3 transactions in Mumbai, but as we move through the rest of FY27, how should one look at that?

Management: We will have some business development remaining. You will see some business development in Bangalore and then in Gurgaon as well.

Karan – AMSEC Capital: Do you have any numbers to quantify that, or is it still under discussion?

Management: It is work in progress. The discussions are ongoing, and we will keep you updated as things progress.

Karan – AMSEC Capital: Thank you.

Operator: Thank you. The next question is from the line of Vishal from Bank of Baroda Capital Markets. Please proceed.

Vishal – Bank of Baroda Capital Markets: Good afternoon. Thank you for taking my question. I would like to know what caused average realizations to decline during the quarter, and how we expect realizations to trend over FY27 to FY29.

Management: During the quarter, a significant portion of our sales came from the Hyderabad region, where average realization is on the lower side. In the Hyderabad region, realization is in the range of 8,000–10,000 rupees per square foot, whereas in the other regions it depends on the product, but you can safely assume it to be in the range of 14,000–15,000 rupees per square foot.

Management: It is not only the Hyderabad region; it is also the pickup in the micro-markets across the city, and this was a large launch. We are also developing Prestige Place in Hyderabad and The Prestige, which will both be at very high prices. It depends on the product and the micro-market. In the current quarter, because of Golden Grove, average realization has come down.

Vishal – Bank of Baroda Capital Markets: Thank you.

Operator: Thank you. The next question is from the line of Parikshit from HDFC Securities. Please proceed.

Parikshit – HDFC Securities: My question is on the BKC X and Y towers. In the last call, you said that approximately 70% was leased. I wanted to get an update on the current leasing level. Also, regarding BKC Y, you said that you would wait for completion. What are your initial thoughts on demand and pre-leasing for that tower? Please also cover the Mahalaxmi pre-leasing.

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Management: I have given instructions that we should wait and see how construction progresses. It is better to be a little cautious, since we already have a significant tie-up with good companies for both BKC X and BKC Y. BKC Y also has the Edition hotel.

Our focus will now be on completion. Similarly, in Mahalaxmi, we have received significant inquiries. In fact, we have received some very large inquiries even for outright purchase, but we do not want to sell because we are ultimately creating these assets for a REIT. Approximately 400,000 square feet has already been pre-committed.

Parikshit – HDFC Securities: So, 400,000 square feet has already been pre-committed in Mahalaxmi. On our first commercial launch in Business Bay, when is the launch, and what kind of initial response do you think you are receiving? Will this be sold out this year? How should one look at this large commercial launch?

Management: We will see how it develops. We are hopeful that there will be strong demand, but we can never know for certain. I believe the product is good, the location is good, and it should receive a very positive response.

We are also trying to prime the market and understand the right pricing. Of course, the pricing also has to make sense for the company in terms of the bottom line.

As we get closer, everything is currently work in progress. We are getting the current occupants vacated. Almost 50-60% have moved out, while the rest still need to be moved. We also need to pay a number of fees and complete other related work. It is all work in progress. Hopefully, we should be ready in the next couple of months.

More than anything, seeing the progress on the completion of our commercial projects across BKC and Mahalaxmi, especially the way we completed those projects, has given us a lot of confidence in the market. A lot of people have approached us to acquire space there, which obviously we are not selling. This has given us a sense of the type of customers in the market and what they are looking for. This will help us make decisions for Chambers 51 as we get closer to launch.

Parikshit – HDFC Securities: One more question. You touched upon hospitality and how you are thinking about monetizing it. I have a broader question on the commercial portfolio, which is expected to ramp up significantly over the next 2-3 years. Do you think this is the right time to divest a minority stake and raise some capital, allow the assets to mature, and then consider a REIT? How should one look at the capex on these assets, which could contribute significantly to rentals? At what point would you be comfortable bringing in external capital and deleveraging that debt?

Management: We are waiting for the projects to actually be completed because we believe, and Mr. Razack has always believed, that we want to build a critical mass. Leasing these assets out is key, and that has been going quite well.

In the next 1.5-2 years, these projects should be completed. Leasing should also be completed by then. This should be a trigger for us to evaluate the situation and take a decision on the way forward. These are definitely considerations.

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Parikshit – HDFC Securities: On the residential side, I have seen some of the projects on your website with a 25-25-25-25 scheme. Forest Hill has some projects in Bangalore with this scheme. Could you help us understand the strategy and how this scheme is being rolled out in new launches? Is it more for sustenance sales or is it more of a luxury offering? Some color would be helpful in understanding the demand scenario.

Management: This is regarding Prestige Forest Hill, correct?

Parikshit – HDFC Securities: I think it is on the website. The Forest Hills project has a 25-25-25-25 scheme, meaning 25% each year over 4 years, and I saw the scheme in some other projects in Bangalore as well.

Management: It is a scheme under which, instead of collecting 5% and 3% at every construction milestone or whatever the applicable amount may be, we provide flexibility to the customer to pay annually. It is not that they pay only at the end. They pay 25% once a year, which covers 4 years and corresponds to the construction timeline.

So, it is 25 multiplied by 4. That is how we worked it out. It also gives some comfort to the customer, while it gives us visibility because the cash flows are tied up. We have also ensured that there is continuous construction progress.

Parikshit – HDFC Securities: One last question on data centers. You have signed an MOU with the Maharashtra government. How are you thinking about capital allocation toward data centers? In the near to medium term, how far away are we from announcements on investments or the first investment and rollout for the data center business?

Management: The Maharashtra government was very keen on setting up these data centers and attracting and bringing in GCCs, which is where we came in. They had some land parcels that they were going to acquire and provide to us.

However, that acquisition has not yet been completed. We have not spent any money there or invested anything as of now. It is work in progress. Closer to the time when the acquisition is completed, we will be able to speak more about the strategy.

Overall, if you look at what we have done with data centers in the past, we would be keen to invest in the land and the buildings, and then tie up with data center partners or GCCs to invest further in them. It is an open canvas as of now. Closer to when we acquire the land, we will come up with plans.

Parikshit – HDFC Securities: Do you have any color on the scale you are considering, such as the megawatts or IT load on the data center side?

Management: Over the next 3 or 4 years, it should be reflected on the balance sheet. Approximately 100 megawatts for now.

Parikshit – HDFC Securities: 100 megawatts. Thank you, sir.

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Operator: Thank you. The next question is from the line of Pankaj Tibrewal from ICRA Asset Manager. Please proceed.

Pankaj Tibrewal – ICRA Asset Manager: Good evening, sir. I have a couple of questions on the balance sheet. Could you help us with the debt numbers?

Management: We had net debt of 11,900 crores, which translates to a debt-equity ratio of 0.69. Gross debt was 15,000 crores, and we had cash and cash equivalents of 3,300 crores.

Pankaj Tibrewal – ICRA Asset Manager: The net debt reported in the annual report at the March level was 10,900 crores. It has increased by another 1,000 crores. Is that correct?

Management: Yes, net debt has increased for 2 reasons. We had some gross borrowings, and we also deployed cash for a few land acquisitions. There were gross borrowings to the extent of 600-700 crores, and the cash balance reduced by 400-500 crores.

Pankaj Tibrewal – ICRA Asset Manager: Where do you see it settling from here, and what would be the comfortable levels you would like to maintain as a company?

Management: We have mentioned that we have a very strong pipeline of projects that will be launched in the coming quarters, especially in Q2 and Q3. This will unlock significant cash flows because some of the debt was taken on those land parcels.

Once the projects are launched, some of the debt on those land parcels will be repaid. Particularly on the residential side, you will see some debt being repaid in the coming quarters.

Pankaj Tibrewal – ICRA Asset Manager: My second question is regarding the annual report that you released recently. Corporate guarantees more than doubled last year, and there are 11,000 crores of corporate guarantees apart from the debt in the SPVs. How should we view this from a contingent liability perspective?

Management: Some of the corporate guarantees represent double counting, in the sense that they have been provided for debt raised by certain subsidiary companies. When we raise capital at the SPV level, some banks require the parent company to provide corporate guarantees because the SPV may be a relatively new setup or may not have a credit history.

However, that debt is already consolidated in the consolidated financial statements, so it is not counted again. At the JV level, as we mentioned, our Prestige share of net debt is close to 2,200 crores, or 2,100-2,200 crores.

Pankaj Tibrewal – ICRA Asset Manager: Will this corporate guarantee amount continue to increase? How should we view this, given that contingent liabilities have increased by 100%?

Management: If we take debt at the SPV level, corporate guarantees may be required. However, going forward, we do not expect the amount to increase significantly because we are now trying to undertake most projects in the parent entity itself instead of floating a separate SPV for every project.

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Where a transaction requires us to float an SPV because of the requirements of another partner or for any other reason, we will need to extend corporate guarantees for taking debt in those SPVs. Therefore, it will be case-specific and difficult to quantify at this point.

Pankaj Tibrewal – ICRA Asset Manager: Last but not least, one observation. The secretarial audit has made a remark this time and flagged non-compliance with Section 197 of the Companies Act.

Management: We were unable to hear you.

Pankaj Tibrewal – ICRA Asset Manager: The secretarial auditor has flagged non-compliance, which was never the case with Prestige in previous annual reports. Do you have any thoughts on that?

Management: Is it regarding something? I do not recall any non-compliance.

Pankaj Tibrewal – ICRA Asset Manager: Please look at the annual report. It concerned the non-disclosure of the remuneration details of the CFO, company secretary, and others.

Management: That has been the case previously as well; it is not the first time. I think the secretarial auditor has made that observation. However, if you look at the related-party disclosure, we have provided the remuneration paid to the KMPs. It has been disclosed, but not individually; it has been disclosed at the KMP level in totality.

Pankaj Tibrewal – ICRA Asset Manager: Thank you. All the best. I wish you all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Yash Gupta from Ashit Kotia Asset Management. Please proceed.

Yash Gupta – Ashit Kotia Asset Management: Good afternoon, everyone. We currently have a strong position in Mumbai and NCR, which we have achieved within a short period of time. Are we looking to add any new cities going forward?

Management: Right now, we are very focused on the 4 cities and on growing in these markets. However, Pune has always been on our radar, and very soon we should acquire a launch project there. Pune is the city we are looking at very seriously. Apart from this, we are focused on the markets in which we currently operate.

Yash Gupta – Ashit Kotia Asset Management: Our current unrecognized revenue is approximately 70,000 crores. Can we expect this 70,000 crores to be recognized over the next 3 years, and what would be the recognition level for FY27?

Management: The 70,000 crores of revenue we have will be recognized over the next 4 years. 3 years would be difficult because the projects we launched last year will be completed over a period of 45-48 months. Therefore, we can conservatively take 4 years as the period for revenue recognition.

This year, on the residential front, we should recognize approximately 11,000-12,000 crores of sales.

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Yash Gupta – Ashit Kotia Asset Management: How is the hospitality business performing, and what are the timelines for the listing now?

Management: We have approvals for the listing through September. I think Mr. Razack mentioned that we are also looking at an alternative for this. If something is finalized on that front, we will definitely consider it.

The hospitality business is contributing meaningfully. We reported a top line of 300 crores from hospitality revenue. Hospitality top line was 300 crores in the current quarter, and the EBITDA margin for hospitality was approximately 41%. At the bottom line, it contributed close to 119 crores to PAT.

Yash Gupta – Ashit Kotia Asset Management: Can we expect the hospitality transaction to be finalized within the next 6 months?

Management: We would not like to provide a definitive timeline because the discussions may take some time. Whenever those discussions are finalized, we will definitely provide the details.

Yash Gupta – Ashit Kotia Asset Management: Thank you. I have a small request. Could you please add 1 or 2 slides on the hospitality business? It would be very helpful for us.

Management: Since the IPO, this option has remained open. If the markets improve, we can definitely decide on the IPO as well, up to September. After September, we can disclose the hospitality details as well.

Yash Gupta – Ashit Kotia Asset Management: Thank you, sir.

Operator: Thank you. That was the last question for today. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Management: Thank you once again for your very insightful and purposeful questions. We hope you understood what the company is doing. {? Zaid ?} and the rest of the team, including Amit, will be more than happy to answer any doubts that you may still have and to help you understand what the future holds.

We believe that the business is strong and will continue to be strong as we move forward. Thank you very much.

Operator: Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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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