Operator: Good morning, everyone. Today is the third day of the Bharat Connect conference, and I welcome you all to the call of Arihant Superstructures Ltd. From the management team, we have Mr. Parth Chhajer, the Whole-time Director, and Mr. Udit Kasera, the CFO of the company. Before I hand over the call to the management, I will outline the flow of the event. We will start with a brief introduction to the company, the latest developments, and any outlook that management would like to share with the participants, and then we will move forward to the Q&A round. Any participant who would like to ask a question can raise their hand or write their question in the chat box below. Thank you, and over to you, sir.

Udit Kasera – CFO: Good morning, everyone, and thank you for joining us. Arihant Superstructures is a real estate developer, and we have recently ventured into hospitality as well. The company currently has a GDV of close to 14,000 crores, and we generated revenue of 550 crores and pre-sales of 980 crores during FY26. Our residential projects span the Thane to New Panvel region in the Navi Mumbai area, and we also have certain projects in Jodhpur. As I was mentioning, the total GDV currently stands at 14,000 crores.

We started roughly 30 years ago, in 1994, and recently the company has also ventured into hospitality. We signed our first hotel management operating agreement with ITC last week. We are also planning to launch another hotel, which would be a four-star hotel. The first hotel, which is with ITC, is a 227-key hotel spread across roughly 10 acres of land, with the Mementos by ITC brand. We will be announcing the second hotel soon, which will be very close to Imagica in Khopoli.

With these 2 hotels and the Gymkhana, we will have 3 annuity assets, and the revenues and operating income from these annuity assets should start coming in from FY30-31 onwards.

Coming to the residential segment, 75% of Arihant's projects are located within a travel time of 10 to 30 minutes from the new Navi Mumbai International Airport, which commenced operations last year. Our projects are diversified across roughly 12 growth micro-markets in the MMR region. These micro-markets include Vashi, Panvel, Thane, Kharghar, Kalyan, Karjat, and Titwala.

The company also uses the asset-light model for certain projects where we feel that we are able to achieve the desired IRRs for the project. Roughly 15% of the total ongoing projects are in the JV-JDA model. We have delivered roughly 14,200 units across 67 projects, and all the company's operations, including land acquisition, procurement, liaising, design and engineering, and EPC, are handled in-house.

This was a brief introduction to the company. I would now like to invite the participants for the Q&A session.

Operator: Thank you so much, Udit. I would request participants to raise their hand or write their questions in the chat box below if they have any questions. We have received one question asking why the EBITDA margin fell from 30.5% to about 21% year-on-year. Is this a one-off resulting from the project mix, or is it the new normal?

Parth Chhajer – Whole-time Director: From 30.5% to 21%. Is the question on a QoQ basis? This is on a QoQ basis, so which quarters have you compared for this analysis?

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Operator: The question came through the chat box, sir. Let me check. We can move on to the next question until the participant provides clarification. What is the revenue recognition outlook for FY27, given the OCs received and the current construction stage?

Parth Chhajer – Whole-time Director: We are looking at growth of about 20–25% over last year's figures.

Operator: Parth sir, could you please speak a little louder?

Parth Chhajer – Whole-time Director: We are looking at growth of about 25% CAGR over last year's figures, since a lot of projects received OCs in Q1 and there are a few more completions lined up in Q4 as well. With the nearing-possession inventory becoming available, revenue recognition for certain projects will happen faster and at a higher level, since sales are also performing better in those projects.

Operator: What is the pre-sales guidance for FY27, and how much depends on new launches versus existing inventory? What launches are planned over the next 3 quarters, in which micro-markets, and at what ticket size?

Parth Chhajer – Whole-time Director: We are targeting majority of the pre-sales at about 1,200 crores plus this year. The majority of the pre-sales will come from the existing ongoing projects. New launches are lined up. We have a launch lined up in Panvel, which will take place in Q4. However, new launches will contribute about 15% of total sales. The majority of the other sales will come from the ongoing projects that are already in their respective phases.

Operator: Do you have any comments on the ticket size, sir?

Parth Chhajer – Whole-time Director: Last year, our average ticket size was about 90 lakhs. This year, with premium inventory taking a larger share of the total mix, we expect the company's average ticket size to be about 1 crore.

Operator: You just mentioned the annuity business near Imagica. Could you provide some details about the plans that have been discussed and share them with us?

Parth Chhajer – Whole-time Director: Near Imagica, we are developing a budget hotel. We are almost at the point of signing the brand. I think we should be able to announce it in Q3. This is located at our existing project, Arihant Aarshia. It is a main-road-facing property, very close to the expressway and well before Imagica. It is in a very premium location and is spread across 1 acre of land. It has direct access to a 60-metre-wide road, and we are planning 108 rooms in the budget hotel category. That is the plan for the annuity asset.

The other 2 assets are at Chowk. They include Club 10 Gymkhana as well as the five-star hotel that we have just signed with ITC under the Mementos brand.

Operator: Do you have any comments on the unsold inventory? It is about 236 units. Is this constrained supply, or how quickly can you add new supply?

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Parth Chhajer – Whole-time Director: These are the numbers from Q1. Since we received project OCs in Q1, we have some stock in those projects, which usually takes 3 to 6 months after the OC to get sold out. We are not concerned about that. It is regular practice for any developer delivering almost 1,500 units in one quarter, so 200 units of ready inventory is not a challenge for us. I think we will be able to sell out that inventory within the next 5 to 6 months as well.

Operator: What is the current pricing trend in Navi Mumbai and Panvel, and how much of the airport effect has already been factored in?

Parth Chhajer – Whole-time Director: In 2022, before the Atal Setu and the airport, prices in the Panvel area were such that, in our project Arihant Aspire, we used to sell at about 10,000 rupees per square foot on a carpet-area basis. Today, following the opening of the airport and the Atal Setu over the last 3-4 years, we are able to sell at about 12,500 rupees per square foot on a carpet-area basis.

We have seen average growth of 7% CAGR annually, and that is likely to be sustained over the next 5-7 years because of the significant infrastructure development taking place in that part of the region. The airport has only just started operations. We have been seeing a shift in demand toward this part of the city for residential use, and we have also heard about demand for commercial developments. It is picking up very well, and I think the future looks very bright for this part of the city because of the significant job creation taking place in and around the airport area.

Operator: There is a question asking about gross debt, net debt, and the average cost of funds. What is the target for net debt-to-equity? You also mentioned that projects around Imagica and other projects are coming up. How do you plan to fund them?

Parth Chhajer – Whole-time Director: The funding for those hospitality assets will currently be through debt by means of construction finance. The cost of debt will range from 9.5% to 10% per annum. The total debt that we have, or the net debt, is about 850-odd crores today. The average cost of debt is 12.5%. We have been able to reduce that significantly, and going forward it will reduce further.

Institutional debt is currently at about 12.25%, which will reduce further to 11.5% over the coming 2 quarters. We are working thoroughly to reduce our cost of finance whenever possible by seeking better financial deals through banks, and that is the way forward for the company. We expect our institutional financing to move to single-digit levels over the next 2-3 years. That is the target we have set for ourselves.

Operator: What is the plan for the 99-acre township, Town Villa Township? Could you discuss the phases, the capital required, and the expected return or IRR?

Parth Chhajer – Whole-time Director: It is a large development, and for now we are planning villas there. We are still undergoing the approval process, so the launch is expected in 2027. It is a large development with revenue potential of about 4,800 crores at today's selling prices, and prices could increase going forward as well. I think it will generate good free cash flows for the company from FY29 onwards.

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The land was acquired at a relatively good cost because we timed the market correctly in 2024. When we acquired it, the price was about 1.5 crore rupees per acre. Today, the same land, or surrounding land parcels, are being quoted at 5.5-6 crore rupees per acre. There has been a significant increase in land prices, which will be reflected in the prices of the residential units going forward.

Operator: How much sales have you seen in your Town Villa Township?

Parth Chhajer - Whole-time Director: We have not started any sales in Town Villa yet. As I mentioned, we will be launching the project next year.

Operator: Do you see demand there?

Parth Chhajer - Whole-time Director: Yes.

Operator: The demand is primarily for second homes, correct?

Parth Chhajer - Whole-time Director: No, these will all be first homes.

Operator: First homes. Interesting.

Parth Chhajer - Whole-time Director: From here, Nariman Point will be 50 minutes away, BKC will be 45 minutes away, and Lower Parel will be about 60 minutes away. I think the infrastructure and road connectivity are changing...

Management: They are improving significantly, with the Worli-Sewri connector under construction and the Bandra-Worli Sea Link also under construction. You will be able to reach from our property to Versova in 75 minutes in FY29.

Operator: How is the JV-JDA structure shaping up in the new acres, and what is the capital-light share of the pipeline?

Management: Sorry, I could not hear you. Could you repeat that?

Operator: How are the JV and JDA structures shaping up in the new acres, and what is the capital-light share of the pipeline?

Management: JV-JDA accounts for about 15% of our portfolio today. The way we look at it and approach it is that we do not want to invest that much capital in land, which is why we enter into a JV-JDA. This allows us to share part of the land component with the landowner and give them area in return. So far, we have undertaken only area-sharing deals on a JV-JDA platform.

Operator: I request participants with any further questions to raise their hand or write them in the chat box. Regarding the hotel property that you recently signed, what is the progress, and how much time will it take to make it operational?

Management: We signed the hotel agreement last week. We have now started work on the site. We expect it to be largely ready in 3 years from now, after which the pre-operating period and related activities will begin. We are targeting 3 years to complete the entire construction of the hotel.

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Operator: And the Gymkhana, sir?

Management: The Gymkhana is ahead in terms of progress. Work is currently on the first slab, so it should be ready in about 1.5–2 years.

Operator: The fourth quarter from now?

Management: 1.5–2 years.

Operator: That is all from my side, sir. As there are no further questions, I would like to conclude today's call. I would like to thank the management and the participants for sharing their insights and taking the time to join. Participants with any further questions can contact Arihant Capital's team. Thank you.

Management: Thank you.

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