



“Arihant Superstructures Limited
Q2 FY25 Earnings Conference Call”
October 28, 2024



MANAGEMENT: **MR. PARTH CHHAJER – WHOLE TIME DIRECTOR –
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ARIHANT SUPERSTRUCTURES LIMITED**

MODERATOR: **MS. KUNJAN AGARWAL – ARIHANT CAPITAL
MARKETS**

Moderator: Ladies and gentlemen, good day, and welcome to Arihant Superstructures Limited Q2 FY '25 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 an operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Kunjan Agarwal from Arihant Capital. Thank you, and over to you, ma'am.

Kunjan Agarwal: Hello, and good afternoon to everyone. On behalf of Arihant Capital Markets, I thank you all to join into the today's Q2 FY '25 Earnings Conference Call of Arihant Superstructures. Today from the management, we have Mr. Parth Chhajer, the Whole Time Director; and Mr. Dhiraj Jopat, the Chief Finance Officer. So with any further delay, I would now hand over the call to Mr. Parth Chhajer for his opening remarks. Over to you, sir.

Parth Chhajer: To join Arihant Superstructures Limited conference call to discuss Q2 FY '25 Results and business updates. Firstly, I would like to wish everyone a Happy Diwali and prosperous New Year ahead. I guess most of you would have gone through our presentation which is filed on the stock exchanges. I'll just brief you about the financial numbers of this quarter. In terms of consolidated financials, the total consolidated revenue for Q2 FY '25 was INR111 crores against INR109 crores in Q2 FY '24 which is a growth of 2.56%. Total EBITDA for Q2 FY '25 stands at INR30.1 crores against INR25.4 crores in Q2 FY '24, registering an increment of 18.5%.

The EBITDA margin for Q2 FY '25 stands at 26.9% versus 23.3% in Q2 FY '24 which is an increase by 360 basis points. Profit before tax for Q2 FY '25 stands at INR20.1 crores against INR18.8 crores in Q2 FY '24 which is a growth of 6.9%. Profit after tax for Q2 FY '25 stands at INR16 crores against INR16.1 crores in Q2 FY '24 which is a decline wise 62 basis points. Net worth of the company has increased to INR341.3 crores against INR276 crores in the year prior, which is a growth of 23.3%.

Now talking about the key operating highlights for the quarter. The company has received sales bookings of 441 units in the first quarter which is equivalent to 4.9 lakh square feet of area amounting to INR270 crores in terms of value. The average price per square feet achieved was INR6,615 per square foot and the average price per unit sold has increased to INR61 lakhs. The total collection also increased to INR149.2 crores for the quarter. To bifurcate almost 40% of the sales happening in the premium segment, 32% was in the mid-income segment and 28% in the affordable housing segment as per value terms.

On the business development front, we have acquired 53 acres of land at Chowk for our second horizontal development project, which will have a revenue potential of INR850 crores. With this, we have increased our land bank from FY '24 at 220 acres to H1 FY '25 at 273 acres. And we are on track to meet our yearly guidance to touch and cross 300 acres of land bank by FY '25.

Now commenting on the market scenario and the company's performance. Deliveries are lined up which shall commence from Q3 onwards wherein we are expecting [inaudible 04:31] for Arihant Aalishan Kaveh Tower, Arihant Aarohi, Arihant Anmol, and Arihant Aloki in quarter 3

and followed by Arihant Clan Aalishan Paras 1 Tower in Q4. With collections increasing in this quarter, we are geared up for fast execution of multiple projects. The engineering spend in Q2 were lesser due to heavy monsoon cycle causing a start stop mechanism in the construction progress.

Environmental clearance for World Villa Arihant Adarsh has been received which is a big boost as Q3 onwards we shall commence the construction for the same, which will help in the progress of the projects. The new launches are also lined up as shared in the presentation wherein we are going to launch 2 towers at Shilphata in the project Arihant Avanti, Arihant Aspire will also have one tower launch and then we are looking at some small launches in affordable housing in Aloki at Kharghar, Badlapur, Arihant Anmol and Arihant Adarsh at Taloja in the second half of this financial year, which will also add to our total pre-sales.

We have also taken price rises in areas near to the airport and with more projects expected to be launched in the coming months, we have geared up for the glorious period for Navi Mumbai. If you see Page 22 of our presentation, it will showcase the geographical presence of our portfolio. Now we can distinguish that almost 70% of the portfolio in terms of revenue mix is in the Navi Mumbai area, that is Vashi, Kharghar, Taloja and Panvel airport area. And we are destined to be the biggest beneficiaries once the airport begins operations in March 2025 With this, I will open the floor for question and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirvi Ashar from Arihant Capital. Please go ahead.

Nirvi Ashar: What are the segments going on currently in the industry for the demand and the consumption?

Parth Chhajer: I mean everything is doing well across the industry, like from housing to retail, commercial, warehousing, data centers, every segment is growing in terms of real estate. Hospitality has seen a big change, which is where we are also entering right now. So all segments are doing quite well. Although at Arihant, we are very much focused largely on residential at the current stage and forthcoming will also have some hospitality.

Obviously, in the Indian market, residential is almost 80% of the total real estate market in terms of volume. And we're seeing good traction across all segments of affordable mid-income and premium housing. So we have done good numbers across all these 3 segments for the quarter as well. And I think going forward also, equivalently every segment will have its own good generating demand, which is where people are also progressing and they're also aspiring to upgrade.

Nirvi Ashar: I have one other question, sir. I want to know that have you started with the presales of the World Villas?

Parth Chhajer: Yes, we have started in the month of August. INR100 crores worth of inventory as on Q2 end. So September, we were at INR100 crores of sales, which was around 40 units till September. So average price around INR2.5 crores.

Nirvi Ashar: And what is the breakup of the presales? Can you please help me with that?

- Parth Chhajer:** So like in terms of category premium sales, did around INR110 crores for the quarter. Affordable housing did INR68 crores and mid-income housing did around INR95 crores. This is in value terms, not -- unit-wise, affordable, and mid income have more transaction. So units are more in that segment.
- Moderator:** Thank you. The next question is from the line of Shrey Vasani, who is an individual investor. Please go ahead.
- Shrey Vasani:** Hello, sir, am I audible?
- Parth Chhajer:** Yes.
- Shrey Vasani:** [inaudible 10:39] I want to ask regarding the current net debt position at the end of quarter 2. So how can you shape up [inaudible 10:44]?
- Parth Chhajer:** Yes. So the total net debt was INR543 crores, which is split in two categories. One is secured debt, which is around INR268 crores. And the other part is unsecured debt, which is INR300 crores. The average cost for the total debt is at around 13.25% blended. So it's across the -- secure debt is taken from many institutions like ICICI Ventures, STCI HDFC Bank, Tata Capital Housing Finance and Bajaj.
- Shrey Vasani:** I have another question, sir, if you can answer the same. If you have previously mentioned that the free cash flow will be primarily utilized for the ongoing process, it's limited allocation for the land acquisition. So can you elaborate on the lease capital allocation strategy separately for deploying cash flows?
- Parth Chhajer:** Yes. So the new fund which we raised in the last 6 months were from ICICI Venture and STCI. So these big amount of funds have gone towards acquisition of land. And the balance cash flows have all gone towards the construction progress of the projects and some funding from Tata Capital and HDFC Bank is for construction. So that goes only for construction. So free cash flows, yes, in collections are increasing, and we are able to accumulate some amount of free cash flow every quarter, which are deployed slowly and steadily for new acquisitions.
- But big chunk of money wherein we are -- like how we took -- acquired 53 acres and more acquisitions are also lined up going ahead. So for that, we require funding from institutes so that the bulk money comes in at one shot, which helps us acquire the total land together.
- Moderator:** The next question is from the line of Deepali Kumari from Arihant Capital Markets Limited.
- Deepali Kumari:** Am I audible?
- Parth Chhajer:** Yes.
- Deepali Kumari:** So I two questions like how are you planning base profile so for FY '25 so new projects in pipeline there will be an increase. So how much increase?
- Parth Chhajer:** I was not able to hear you clearly. .

- Deepali Kumari:** Am I audible?
- Parth Chhajer:** Yes. Can you repeat?
- Deepali Kumari:** Yes. So how are you planning the base profile so for FY '25 there's so many projects in pipeline they would see an increase So how much increase you are looking for?
- Parth Chhajer:** Are you asking the -- how we are going to planning to phase out the FY '25 projects? Is that the question?
- Deepali Kumari:** Yes, do you have the date you are looking for FY '25. I am asking that.
- Parth Chhajer:** So yes, topline and EBITDA, we are looking at a growth of 20%, 25% at CAGR level. And that's the same that we are looking to achieve for presales as well. So that is how the project is done, and we are on track. But to inform you that we have been focusing a lot also on the business development over the last 5, 6 months. And progress has been steady with the big news of the first trial happening safely at the Navi Mumbai International Airport, the markets have already gone on a higher side with respect to land prices and property prices have started appreciating.
- So we believe that we have been able to acquire some decent amount of land for -- at a good location for -- and which are all contiguous lands at very good prices. So that is where I think the company will benefit going forward in FY '26, '27 and '28, when the projects start and then the numbers come in the P&L. So I think the forthcoming years are looking much brighter for Arihant.
- Deepali Kumari:** Sir, one more question. There is high competition in the market many ongoing and upcoming projects so are you doing the same?
- Parth Chhajer:** Competition is there. I mean I think we are fairly able to compete with everyone right from on the top developers in the market namely Godrej Properties and Hiranandani and Wadhwa Developers. So we are competing with all the big developers in our area of operations and fairly we're able to edge out better in terms of volumes and even prices and execution-wise, also, we are seeing good progress for our projects.
- So markets are going to get more competitive. And as competition increases, the size of the market will also increase because many brands will pull -- have a pull factor for themselves. So I think it's going to be a good, tough fight ahead, and I think we're all geared up for it.
- Moderator:** Thank you very much. Our next question is from the line of Jojo Shaju from Alpha Invesco Research Services. Please go ahead.
- Jojo Shaju:** Yes. Thanks for the opportunity. First of all I want to ask project-wise details for Advika, Aalishan and Aspire and for quarter 2. If you can share the project wise briefly?
- Parth Chhajer:** Yes. So Aalishan we sold 20 units, which was INR21.5 crores in value. For Advika was around 4 units which is around INR12 crores. And what was the third one?
- Jojo Shaju:** For Advika and Aspire?

- Parth Chhajer:** Aspire we have sold 49 units which was INR41 crores in value.
- Jojo Shaju:** Okay sir. And sir, if I look on half year basis, so the first half, we have actually devalued presales value. So are you still confident on going at 25% to 30% for the full year? And if so, which are the projects that will drive the growth in the second half?
- Parth Chhajer:** So the projects that will drive the balance presales in Q3 and Q4 are Arihant Avanti, which is under the launch phase right now. So a launch has started, and we'll know the numbers by November. So that is one big area where presales will come from. Second is World Villas. We gave you numbers till September, but even October has been going well. And I think we'll be able to continue that and build on what we have been able to do in August and September. So that will add a lot to the presales. Advika as well going forward because Q3, Q4 is more better for sales. So that's where we'll be able to do more volume over there.
- And the other projects in affordable housing, Anaika, and Adarsh, Taloja, they should contribute heavily in terms of unit sales also. And, yes, so these 5, 7 projects are key. Aalishan, Advika, Adarsh, Anaika 7, Aspire and Avanti and World Villas. So these are the 7, 8 key projects, which will contribute almost 75% of the total sales.
- Moderator:** Thank you. The next question is from the line of Hemang Dagli who is an individual investor. Please go ahead.
- Hemang Dagli:** Parth and the team, congratulations on a very strong set of numbers, even during this quarter and I think the continuation of good collection this quarter is also quite encouraging. My question has been partly answered by you, by answering to the previous questions. The presale number for this quarter was INR270 crores. Can you tell me what were the presales numbers for first quarter? And was there any cancellation after that?
- And the second question is, do we stick to our guidance of 25% presale say growth? And my second question was in the World Villas, have we opened the full inventory in this quarter, or we will do it in a sales manner?
- Parth Chhajer:** Firstly, the presales for this quarter was INR270 crores, so largely the contribution of INR100 crores has come from World Villas, which is the new launch that we did in this quarter. Last quarter, it was INR167 crores. Whatever cancellations that would have happened in Q1 are already netted off with the presales number in Q2. So what we have reported is net numbers of INR270 crores. Gross was slightly more higher. But whatever cancellations were done prior to Q2 have been factored in this quarter's numbers.
- Secondly, in terms of guidance, yes, we are confident to achieve INR1,200 crores to INR1,300 crores of presales. So 20%, 25% CAGR is comfortably what we are looking at going in the second half of this financial year. With many big launches lined up, I think the team and the company has the right inventory at the correct locations wherein we can encash on this. Demand is growing on a daily basis. Site visits, the walk-ins are also heavily increasing across the entire portfolio. World Villas inventory, we have opened around 150, 170 units. So that is part. Phase 1 has been opened. We have not opened the entire land parcel because we wish to complete it in phase-wise manner, and that will help us to deliver the product faster as well.

- Hemang Dagli:** So total, we have 250 inventory at World Villas and 150 has been -- 150 to 170 is open right now. Am I correct?
- Parth Chhajjer:** Total, we have 360 Villas. So we have opened around 170 which is 50% has been opened.
- Hemang Dagli:** Okay. That was helpful. Thank you.
- Moderator:** Thank you very much. Our next question is from the line Suyash Bhav from Wealth Guardian. Please go ahead.
- Suyash Bhav:** Yes. So regarding the recent bidding that took place for CIDCO there was Godrej Properties chunk of land. How do you see that as we did not participate there as far as I know from public domain. So apart from that, how do you see the competitive intensity going to change because of that? Any thoughts on that?
- Parth Chhajjer:** Well, I think CIDCO plots, the prices at which their auctioned and the highest bids that happen. They automatically increase the land price and the property prices in the neighbouring areas to the auction plot because all tenders that are going are at super high levels in terms of the higher bid price per square meter or the total value of the transaction also. I mean, I'll not name, but there was a big transaction of INR716 crores just 2 weeks ago, wherein it's one of the largest companies of India.
- And they've outbid the other by, say, at least 10%, 12%, just to get the tender. So people are betting big on it. As a company, we do not look at any tender, we don't participate in any of it because the amount of capital involved is very high. And with that much capital, we would like to invest in the other residential business, which is nearing to the CIDCO tender plots and not in the CIDCO tender plots, and we invest only in pre-owned land.
- So that is where our focus is going to be going forward for the next decade as well. So the CIDCO tender plots helped increase the valuation of the land prices and property prices in the neighbouring market, competition, if anyone has to earn money, they'll have to really sell at very high prices. And that is really not -- realistically, it is difficult to achieve. With the airport coming in, we don't know what could happen if people are depending on that, that the airport will come and the price will increase from 100 to 150, and that's how they're doing this feasibility working, then they will also make profit. And if prices increase for that project, it will increase for the entire locality as well. So everyone will benefit from that.
- Suyash Bhav:** Okay. Understood. So even without participating you are actually benefiting from it. Good to know. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Heer Shah, who is an Individual Investor. Please go ahead.
- Heer Shah:** Hello. Good afternoon. Am I audible?
- Parth Chhajjer:** Yes.

- Heer Shah:** Yes. So my first question is that the company's EBITDA margin in this quarter, a notable increase from the previous quarter. So what were the primary drivers of the margin expansion?
- Parth Chhajaj:** Well, contribution from projects which have better margins has contributed to a higher EBITDA for this quarter. And we have also achieved better price realization during the quarter, which has helped us increase the EBITDA margin as well.
- Heer Shah:** And I have another question. So the company's asset INR175 crores in this quarter. So are you looking at any trends that are being observed in the continuum of payment behaviour?
- Parth Chhajaj:** Yes.
- Heer Shah:** Are we observing any trends in the consumer payment behaviour like if you are seeing a better payment behaviour or like delayed behaviour or any like particular trend?
- Parth Chhajaj:** No, the trends are similar. So only we have been able to increase our volumes, which has helped us have more collection during the quarter. But consumer behaviours are similar in our portfolio wherein if we see -- talk about the affordable and mid-income housing. So in mid-income housing to start with, it takes around 45 to 60 days from the date of booking to get the bank disbursement done on an average. Earlier cycle -- also the fastest cycle will also take 30 days.
- In premium housing, it's much faster. It happens in -- within 15 to 20 days from the date of the booking. Affordable housing, it takes an average of 90 days. So as fast as possible is also 60 days, and it takes up to 120 days also. So the cycle is that way. But yes, we are gearing up to increase our collections because our projects have also increased. We are developing more properties. That's why more work is going to happen, higher engineering spend are going to be done for this financial year.
- And going forward, they are going to increase on a year-on-year basis which will help collect more from the bookings done and so the sales receivables will keep on increasing going forward as well.
- Heer Shah:** Okay. Understood. Thank you so much and that is from my side.
- Moderator:** Thank you. The next question is from the line of Nirvi Ashar from Arihant Capital. Please go ahead, ma'am.
- Nirvi Ashar:** So I had a question that what kind of price and realization hike are you expecting in this industry and from the company?
- Parth Chhajaj:** No, our expectations will be very high, but we have to stick to reality terms. So realistically, it will grow as per say, depending on the location, anywhere between 4% to 12% on a year-on-year basis. But there could be surprising factors with the airport and the other infra that has been developed in Navi Mumbai. So like how we have presented in our presentation also, almost 70% of the inventory is in Navi Mumbai right now. So if -- and that is where the biggest price rises are also expected. So that will add a lot to our bottom line directly. And we are hoping that it happens faster.

- Nirvi Ashar:** Okay. And I had one more question, sir, that how many land banks is available with the company currently? And what are the like plans to -- is there any plans to add more?
- Parth Chhajer:** Yes. So this quarter, we were able to increase from 220 acres to 273. And like how we have guided in the first quarter, we should be able to cross 300 acres by this financial year.
- Nirvi Ashar:** Okay. Thank you so much sir. That's it from my side.
- Moderator:** Thank you very much. The next question is from the line of Suyash Bhawe from Wealth Guardian. Please go ahead.
- Suyash Bhawe:** Yes. In last quarter, you have mentioned about being shortlisted for a redevelopment project in Thane. Any update on that?
- Parth Chhajer:** We are in the Phase 2 finalize the documentation with the society and once done, we will be starting with the designing and then looking forward to approval and getting the launch. But it is still, you can say, 9 months to 12 months away from today.
- Suyash Bhawe:** Okay. All right. Thanks.
- Moderator:** Thank you very much. The next question is from the line of Amit Agicha from HG Hawa. Please go ahead.
- Amit Agicha:** Thank you for giving an opportunity. Mr. Parth I wanted the details of the Jodhpur project?
- Parth Chhajer:** Jodhpur, we are doing two projects right now, Arihant Anchal and Adita. Sales has been moderate for the first half of this year, although most of the inventory is ready. So we don't have high expenditures out there. So we're just selling the inventory as early as possible and then we will be starting on with the balance towers also.
- Amit Agicha:** And the projections like what will be the realization?
- Parth Chhajer:** Sorry, projection?
- Amit Agicha:** For Jodhpur?
- Parth Chhajer:** Jodhpur you can say we should do sales of around 100 units of the entire financial year, which is around INR30 crores, INR35 crores in value.
- Amit Agicha:** Another question was regarding the debt. The debt increasing constantly, and blended interest rate is 13% or something.
- Parth Chhajer:** Yes.
- Amit Agicha:** Any plans for the company to reduce it?
- Parth Chhajer:** No, I think we are in the phase to grow our company and already like we have added 53 acres of land at a very good location near to the airport also, like hardly 20 minutes away. So we are looking at opportunities more at the moment rather than reducing the debt. Once these projects

start performing and giving out the good numbers, I think that will automatically get repaid the projects surplus. So we are not worried about the debt increasing because we are developing the asset, growing the size of the company. Our work in progress is also increasing. And the liquidity will also bring in surplus which will help us repay the debt and also add more projects going forward after 2 years, 3 years.

Amit Agicha: Thank you. That was helpful.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Ms. Kunjan Agrawal for closing comments. Please go ahead, ma'am.

Kunjan Agarwal: Thank you to the management for giving insight about the company and giving the opportunity to Arihant Capital for hosting the call. I would now request you to give some closing remarks.

Parth Chhajer: Thank you, everyone, for joining the Earnings Call. Hope we were able to answer all your queries. And if you have any further questions or would like to know more about the company, then feel free to reach out to our Investor Relations team at Valorem Advisors, and we wish you all a very Happy Diwali. Thank you.

Moderator: Thank you very much. On behalf of Arihant Superstructures Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.