Shriram Properties
Homes that live in you

A member of The Shriram Group

August 19, 2025

National Stock Exchange of India Limited The Listing Department Exchange Plaza, 5th Floor Plot C 1 – G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Scrip Code: SHRIRAMPPS	BSE Limited Dept of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001 Scrip Code: 543419

Dear Sir/Madam,

Sub: Transcript of Earnings Call on the Company's Financial & Operational Performance for Q1 held on August 12, 2025

In continuation of our intimation dated August 12, 2025, please find enclosed herewith the transcript of the Investor Conference Call held to discuss the financial and operational performance of the Company for the quarter ended June 30, 2025.

We request you to take the above information on record.

Thanking you
Regards

For Shriram Properties Limited

K Rama Swamy
Digitally signed by K Rama Swamy
Date: 2025.08.19 17:08:25 +05'30'

K. Ramaswamy
Company Secretary & Compliance Officer
ACS 28580

"Shriram Properties Limited
Q1 FY26 Earnings Conference Call"
August 12, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th August 2025 will prevail."

MANAGEMENT:
MR. MURALI M– CHAIRMAN AND MANAGING DIRECTOR
MR. GOPALAKRISHNAN J – EXECUTIVE DIRECTOR &CEO
MR. RAVINDRA KUMAR PANDEY – CHIEF FINANCIAL OFFICER
SGA – INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to Shriram Properties Limited Q1 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Murali, Chairman and Managing Director from Shriram Properties Limited. Thank you, and over to you, sir.

Murali: Thank you. Good evening, everyone, and thank you for joining us on our Q1 FY26 Earnings Call. I am pleased to report that Shriram Properties has started the year on a very strong note, delivering record operational performance and robust financial results while maintaining a healthy growth trajectory for the remainder of the year.

We achieved our highest ever Q1 sales volume of 0.8 million square feet, up by 17% year-on-year, valued at INR 441 crores. This was supported by healthy demand across our key markets, particularly in the mid-and mid-premium housing segments. During the quarter, we successfully launched our maiden project in Pune under the Codename Superstar.

Post quarter end, we also formally launched Shriram Songs of the Earth project at Electronic City Bangalore. Collections stood at INR 388 crores up 5% year-on-year and are expected to gain further momentum in the coming quarters. Construction progress remains very strong, enabling healthy handovers over 740 homes and plots in Q1 alone - building on the record deliveries of FY '25.

On the financial front, total revenues were INR 262 crores, aided by healthy handover trends. Gross margin remained healthy at 34%, and we delivered an EBITDA of INR 46.5 crores. We reported our highest ever Q1 net profit since listing at INR 20.6 crores.

Our outlook for the rest of FY26 and beyond remains encouraging. With nearly 80% of our ongoing projects already sold, we are prioritizing faster execution to accelerate cash flows. While actively expanding our project pipeline.

Supported by India's strong macroeconomic fundamentals and resilient demand in our core segments, we believe we are well positioned to deliver sustained growth and long-term value for our stakeholders. I would like to thank all our customers, partners and shareholders for their continued trust and support.

With that, I'll hand it over to Mr. Ravindra Kumar Pandey, our CFO, to walk you through the detailed financial performance.

Ravindra Pandey: Thank you, sir. Good evening, everyone. My name is Ravindra Pandey. I'm CFO of Shriram Properties. Thank you for taking time to join us today as we present the performance highlights for Q1 FY26.

We have uploaded the presentation on the website and stock exchanges, and I hope you all have access to it. Over the next few minutes, I'll walk you through the operational and financial performance of the company for the quarter gone by on the strategic priorities and growth road map for FY26.

I'm referring to the presentation, which has been uploaded, Slide Number 3. We have started FY26 on a strong footing. Q1 delivered a record first quarter across several key metrics, robust sales momentum, highest ever Q1 collections, accelerated construction, disciplined cash deployment and strengthening pipeline.

Typically, Q1 is a lean quarter for the sector and for the company. However, the strong momentum from Q4 last year carried through and delivered an impressive start to FY26. End-user demand in our core markets remained resilient, especially in the mid-market and mid-premium segment that anchor our portfolio. Customer decision cycle has shortened and booking velocity has improved.

Bangalore sustained its strong performance and Chennai exhibited a clear revival in momentum. We had a remarkable success in our Pune market entry. We are entering in new markets after a few years. Our maiden project in Pune, Codename Superstar, received an exceptional market response and created a strong brand visibility in the city.

Our success in Pune can be seen in the context of projects micro market absorption, a market which has annual absorption of around 1,500 units. We could sell around 150 units during the first 4 weeks of launch. This is not just a sales milestone. It's a reaffirmation of the brand's strength in markets beyond our home turf.

This launch has created a strong buzz and put Pune on track to become our next growth engine. Early success now boosts our confidence in accelerating pipeline addition over the next few quarters. I will explain the Pune project performance in subsequent slides.

On launches, momentum improved materially. Following successful launch in Pune, we commenced prelaunch activities in new project at Bangalore, launched under the Codename The One. This project was launched during the first week of July and has received very strong response.

Coming quarters are likely to be even more exciting. Our Kolkata new projects have received approvals and gearing for launches. On the business development front, our focused effort has now started showing results. We added one project in Bangalore with GDV of INR 200 crores during Q1.

Several deals are nearing closure and significant new project additions likely during Q2 and Q3. Our focus remains on doubling the upcoming pipeline and is supported by ongoing evaluation of multiple projects with over 20-plus million square feet of development potential. We will explain this more in detail in later slides.

Referring to the Slide Number 4, KPI snapshots. Operationally and financially, this has been our best ever first quarter. Q1 sales volume reached 0.82 million square feet, up 17% year-on-year. In value terms, we achieved sales value of INR 441 crores, again, by 17% up year-on-year. Q1 collections at INR 338 crores is the highest in any Q1 so far and is driven by healthy sales handover and milestone linked receipts.

Over 740 units have been handed over to customers, again, highest ever Q1 number for SPL. Our revenue grew 24% year-on-year to INR 262 crores. We reported gross profit of INR 82 crores, reflecting 70% year-on-year increase. Our operating margins have remained strong at 34%, demonstrating healthy project profitability.

Our net profit is at Q1 high of INR 21 crores, up 18% year-on-year. These operational strength reflect our disciplined execution, strong demand in core markets and our ability to monetize inventory effectively. Higher sales, strong collection, accelerated construction and disciplined execution set a solid foundation for FY26.

Slide Number 5. Looking at operational performance highlights. We achieved our strongest Q1 sales in SPL's history. The growth was broad-based with the sustained sales coming from ongoing projects and our Maiden Pune launch added meaningful uplift, validating the brand in new markets.

Sales volume of 0.82 million square feet and sales value of INR 441 crores reflect both healthy demand and stable pricing in our micro markets. The 17% year-on-year growth on both metrics underscores consistency and scalability of our mid-market strategy. Collections at INR 338 crores was supported by robust milestone billing and steady handovers. With scheduled handovers and launches in Q2 and H2, we expect collections to strengthen further.

We accelerated the construction expense in Q1 to pull forward execution. This enables accelerated milestone, faster collection and earlier possession. Our focused efforts are to remain on or ahead of schedule, staying ahead of RERA commitment is a key driver of reputation, referrals and lower post-handover issues.

Looking at project execution highlights. Shriram Park 63 Phase 2 at Chennai with 0.5 million square feet area received OC during Q1, supporting revenue recognition and improved handovers. We handed over more than 740 units, our best ever first quarter performance that directly supports revenue recognition, collections and customer goodwill.

Roughly half the handovers were in JV and DM projects, which means the earnings impact partly accrues to our share of JV profits rather than consolidated top line amount. Revenue recognition momentum remained strong in our recently completed projects during Q4 FY '25 and Q1 FY26, extending the momentum we saw in Q4 of last year.

Shifting focus to financial performance on the top right box. Revenue growth of 24% year-on-year reflects strong handovers and milestone achievements, even though Q1 is typically a leaner season for the sector. Margin discipline, product mix and cost control translated into a 34% gross margin. Gross profit of INR 82 crores, up 70% year-on-year demonstrates inherent project profitability and operating leverage.

We delivered a record Q1 PAT of INR 21 crores, up 18% year-on-year, reflecting a strong operating income, lower finance costs and contribution from JV profit. On the cash flow front, operating cash flow remained healthy. We repaid INR 77 crores during Q1 and we invested INR 75 crores into new project execution effort to seed future growth.

Lastly, on the project pipeline front, we added INR 200 crores GDV project in Bangalore. The project is already in approval progress mode and are targeting to launch during H2. Six projects with ~3 million square feet are at an advanced stage of diligence and documentation.

Closure likely in Q2, Q3. 5 more projects with additional 3+ million square feet potential are at last leg of their commercial closure and should move towards closure during H2. These project conversions are expected to expand our FY26/FY27 launch and sales runway.

Further projects with 20+ million square feet at various stage of evaluation across core markets. This wider funnel provides option value and a multiyear runway, allowing us to stay selective while still aiming to double the upcoming pipeline over 18 to 24 months.

Referring to Slide Number 6. FY'26 launches. Our Pune debut in May with Codename Superstar delivered an exceptional response and demonstrated brand acceptance. Q2 launches are on track. In Bangalore, our new project under Codename the One was launched during July. A strong prelaunch buildup in Q1 likely translates into robust booking in Q2.

In Kolkata, approvals for Shriram Springfield are in place and the recent presales effort have received overwhelming response and is being launched shortly. Further approvals for upcoming villas and commercial areas in Kolkata are also received, RERA filing underway, setting the stage for a step-up in sales velocity. This launch pipeline, combined with ongoing projects underpins our collections and sales visibility for the remainder of FY26.

Referring to Slide Number 7, Codename Superstar. Here, we are showcasing one of our most exciting milestone of the quarter, the brand launch of Shriram Spectrum in Pune. I'm pleased to share that it has been an overwhelming success. The events saw a strong participation from customers, channel partners and stakeholders, underlying the high level of interest and confidence in SPLs brand as we step into this new geography.

The project itself is spread across 14 acres overlooking the scenic Sahyadri Hills and offers over 60 curated amenities. It also features Pune's first ever downtown retail, making it a unique proposition in the market. With 2 grand clubhouse and its location in the heart of an educational hub, it appeals strongly to both end users and investors.

The image on this slide captures the energy and scale of the launch, which eventually translated to 150+ bookings and represents 36% of the supply open for sale in the project. With the strong start, SPL is well positioned to accelerate its pipeline in Pune and strengthen its foothold in the city in the coming quarters.

Referring to Slide Number 8, Codename The one. In July, we had the grand unveiling of the project code name **The One** in Bangalore, and the response was nothing short of phenomenal. This project is located just 15 minutes from the electronic city toll, making it a compelling choice for the professionals and families seeking both convenience and quality living.

It features signature 2 and 3 residences starting at an attractive price point of INR 92.99 lakhs, making it highly competitive in its segment. We saw a tremendous prelaunch response in Q1 with interest levels far exceeding expectations. Importantly, this early momentum has directly translated into a strong booking in Q2, setting a positive tone for the project sales trajectory going forward.

This launch further reinforces SPL's' ability to create high-impact market entries, combined with strong location advantages, appealing product design and targeted marketing to drive immediate results.

Referring to Slide Number 9, FY26 project completion. During Q1, we have deliberately increased execution spend to facilitate faster deliveries ahead of committed timelines. Our project Park 63 2B consisting of 316 units reached the OC milestone in Q1.

In Q2, 2 projects are scheduled for OC. Shriram Mystique is about 0.2 million square feet, has received OC in August '25. And Shriram Solitaire, about 0.3 million square feet has received fire NOC already and awaiting OC. Faster execution and delivery remain a priority. This will drive both revenue recognition and customer collection.

Referring to Slide Number 10, FY26 project pipeline. We are actively working towards our mission strategy of doubling the project pipeline over the next 2 years. We have made reasonable progress and the momentum is visible, raising our confidence levels. During Q1, we added 1 project in Bangalore with GDV of INR 200 crores within a short period of acquisition, approval process has started ahead, and it is expected to launch in H2 FY26.

6 projects totaling 3 million square feet are nearing closure. 5 projects totaling around 3+ million square feet of projects are at an advanced stage of commercial closure. Several other opportunities with 20+ million square feet of development potential are under various stage of evaluation.

The pipeline expansion is strategically distributed across various development models, including own JDA, JV and DM. This diversified approach allows us to optimize resources and maximize returns. We are confident that these efforts will contribute significantly to achieving our Mission 1, 2, 3, 4 targets by FY '28.

Referring to Slide Number 11, Honors and accolades. We continue to receive the strong industry recognition, winning awards for marketing excellence, product design and segment leadership. These accolades enhance brand visibility, build customer trust and reinforce our positioning in the mid-market housing segment.

Referring to Slide Number 13 and 14, financial highlights. Revenue from operations stood at INR 242 crores, a 57% year-on-year, supported by the momentum in project handover trend continued from Q4 FY '25. Our total revenue grew 24% year-on-year to INR 262 crores.

This growth was primarily driven by handovers in recently completed projects, Park 63, Pristine Estates, Liberty Square and Grand One. Accordingly, our gross profit is high at INR 82 crores, reflect robust 34% margin and a healthy 70% year-on-year growth. EBITDA stood at INR47 crores with an 18% margin.

EBITDA growth muted due to higher other operating income during Q1 FY '25 on account of reacquiring the economic interest of pristine estates JV stake from ASK. Our JV portfolio also contributed meaningfully with a profit share of INR 5 crores, representing 46% of total handovers in Q1 coming from JV projects.

Finance costs declined 16% year-on-year and interest expenses declined 11% year-on-year supported by lower interest expenses and reduced non cash charges related to non-compete in Kolkata. Other expenses were slightly higher due to new project launches related costs. All of this translated into a healthy net profit of INR 21 crores, making an 18% year-on-year growth.

Overall, following the strong rebound we saw in Q4 FY '25, our revenue and profitability momentum has carried forward into Q1. And with the new projects reaching OC stage, we expect this robustness to continue in the coming quarters.

Referring to Slide Number 15, consolidated cash flow. Operating inflows improved to INR 221 crores, up from INR 163 crores last year. We deployed INR 111 crores into construction and INR 75 crores into new project investment.

Debt repayment during the quarter amounted to INR 77 crores, reflecting our conscious strategy to channel cash into construction and growth investment to secure future revenues and earnings resulting in negative free cash flow for the quarter. Cash and cash equivalents remained robust at INR 187 crores, reflecting a strong liquidity even after substantial loan repayment and new project deployment.

Referring to Slide Number 16, debt profile. Gross debt stood at INR 567 crores, down from INR 646 crores in March 2025 with a net debt of INR 380 crores. Our net debt-to-equity ratio of 0.28 among the lowest in the sector. The cost of debt remained at 11.3% with potential to reduce further in the coming quarters. The majority of our debt is construction linked, aligning with revenue generation.

Referring to Slide Number 18, Mission 1-2-3-4. You have seen this slide in our earlier discussions, but it is worth bringing back as a reminder of the ambitious mission we set for ourselves. This is not just a target on paper. It's a road map we are actively executing, and I'm confident we are firmly on track to deliver it by FY '28, and our entire management attention is aligned toward this end.

FY26 outlook guidance, referring to Slide Number 19. We continue to maintain our FY26 guidance as previously shared. To summarize before I end the presentation, first quarter has set a clear benchmark for the year.

We delivered our strongest opening quarter on record, marked by record collections, robust revenue momentum, healthy profitability and meaningful deleveraging alongside calibrated investments for future growth. Launches in Pune and Bangalore validate our product strategy and Kolkata is launch ready. Execution is ahead of plan. Cash discipline is intact and the business development funnel is deep and progressing.

On behalf of the management team, I reaffirm our commitment to governance, customer experience and value creation.

Thank you. I now hand over the call back to the operator and myself, along with our CEO and CMD will be there to answer all your queries.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Sir just wanted to understand, I mean, this entire year, we are talking about 3,300 to 3,600 kind of a unit handover. I mean, generally, as a policy, we book revenue only post-delivery, right?

Gopalakrishnan J: Yes, we book revenues. We are allowed to do income recognition only on handover and registration and handover of the apartment.

Deepak Poddar: Sure. So can you just give us some breakup in terms of that 3,300 to 3,600 units handover. So some, I think you are targeting from Solitaire or Mystique, right? So around 400, 450 units handover we are expecting to do maybe in second quarter, third quarter. So can you throw some light on the breakup, I mean, where this 3,300 units we are targeting for handover?

Gopalakrishnan J: Yes, that's doable. In all, we have about 9 or 10 projects account for this 3,800 units. A big part will come from Kolkata, 1,400 units and which is Sunshine 1. And then Bangalore will have about 1,800 units will come from Bangalore and rest is in Chennai.

Deepak Poddar: So out of the 3,300, 1,400 units is from Kolkata and 1,800 units is from Bangalore?

Gopalakrishnan J: Yes.

Deepak Poddar: Okay. And the OC of these projects, when we are expecting to get -- I mean this -- for example, these 2 projects you mentioned, the OC is in second quarter.

Ravindra Pandey: It will be spread across different quarters.

Deepak Poddar: Okay. It's spread across different quarters.

Ravindra Pandey: Yes.

Deepak Poddar: Okay. Understood. And something on the debt part, how should one look at debt? So I think around INR 650 crores to INR 700 crores kind of debt level we have. So how should one look at debt outlook for next 2 years?

Ravindra Pandey: So debt currently is INR 567 crores is the gross debt. Net debt is INR 380 crores. And going forward, we are not looking at any significant jump in the debt. So mostly, we have been borrowing debt for the construction finance. The new project launches, we may borrow for that, but we are continuously repaying the debt of the ongoing projects as well.

Deepak Poddar: Your voice cracked. Can you just repeat?

Ravindra Pandey: We are saying the current debt is INR 567 crores, our net debt is INR380 crores. We are not looking for any significant movement in the debt from the current level. Though we will continue to borrow the new loans for our construction financing needs. But from the ongoing projects, whatever the collections are coming, we will continue to repay also the construction debt what we have already taken. So we are not looking for any significant jump in the debt level.

Deepak Poddar: Okay. Because we repaid around INR 77 crores, right, during this quarter from the cash flow?

Ravindra Pandey: Yes.

Moderator: The next question is from the line of Raj Mehta from Raj Mehta & Associates.

Raj Mehta: So I wanted to ask a few questions. First one is related to the cost of debt since the repo rate has been reduced and RBI in last 12 months have tried to lower the rates. But still, I think our cost of debt is on a higher side. We have not got that advantage. So what is your view on that? And in future, is it we are going to refinance the debt at a lower end or it will remain at the same level?

Ravindra Pandey: So currently, our debt rate is 11.3% -- and the first RBI, the rate cut what was done by the RBI, the first rate has already been passed on to us. Hence you look at that, our debt rate has come down to 11.3% in March '25 itself from 11.6%.

Now recently, we have written to all the lenders to reduce the debt cost. But what is happening that most of the debt what we have, they have the revision cycle. So every quarterly, they will revise the rates. So now the revision has to happen.

And going forward, we are looking at the borrowing cost may come down. Whatever the new borrowings that we are doing that are the much, much lower level, they are less than 10%. Going forward, we are expecting that these rates will come down further.

Raj Mehta: Okay. Less than 10 means between 9.5% to 10% or 10.5% to 11%?

Gopalakrishnan J: So if I can just clarify, these are construction finance, mostly on launched and de-risked projects and so you tend to get a lower rate. It will be 9.75%-10%. So, we are not going to be below 10% on weighted average cost of debt basis in near future. I see a limited potential from current levels, maybe a few basis points can go down.

For now, it's safe to assume our cost of debt will be hovering around 11%, give or take 5-10 basis points here and there on both sides. Blended cost of 10% is very difficult to achieve given our current loan portfolio.

Raj Mehta: Okay. And sir, second is with respect to -- I wanted to understand regarding the industry structure. Since the RBI has done everything with what they can do and they have pushed the rates down, so the affordability has increased. But on ground, the demand scenario is not so resilient or so strong that we -- if we see the other real estate companies also, the momentum has been lost, which was there in last year maybe.

So how do you feel -- how are the micro markets which we operate in, say, in Bengaluru and Pune, which we entered recently? What is your view on those markets where the demand scenario, whether it has been on a slower end and we have to give some schemes for the payout so that we can create that demand and push the sales or it is coming by natural and the conversion is happening on a higher end?

Gopalakrishnan J: Thank you, Raj, but we have a slightly different view compared to the view expressed by you. Underlying demand remains strong. I don't think a huge momentum loss is there, at least in our core markets of Bangalore, Chennai, even in Pune that we have seen. In fact, it has picked up. Chennai's absorption or sales velocity has actually come back during the last quarter, the April-June quarter. We have seen a full recovery in -- it's an unusual for the current season. It's a lot of inauspicious period, lean season for the industry, at least in South India. And in that period, we have seen a reasonable bounce back or reasonable momentum even in Chennai.

But also, we have seen a reasonable pickup both in launches and in absorption in Bangalore as well. As you may recall, we had reduced supplies, like number of launches were very few in Bangalore during Q3 last year and to some extent in Q4 last year. It was more supply-driven lower absorption, which was seen in the last year.

That trend has actually changed. We have seen a lot of new launches coming through and absorptions have been fairly satisfactory. In fact, stronger year-on-year compared to last year first quarter. You cannot compare Q4 versus Q1.

Seasonally, Q4 is the peak for the sector. Q1 and to some extent, Q2 are the lean period for demand in South India. Only after Ganpati and Diwali sets in, the auspicious period starts and you'll see a big momentum. So I think market-wise, it's doing well.

The top end of the market has seen a little bit of choppiness because I guess that's what you are referring to, and that's why you say what you said because at top end of the market is dependent on investor demand, investment demand rather.

That investment demand tends to be a little bit choppy when alternative source of capital like capital markets tend to be choppy, whereas the end user-driven demand, which is the mid-market, mid-premium where people buy for their own stay, not as an investment. That demand has remained reasonably strong actually.

And with the declining interest rates, and therefore, we should see, barring any global big negative news impacting jobs at certainty. Otherwise, we should see a fairly steady growth in underlying demand from end user segments, end use customers…

Raj Mehta: My only concern was because the IT companies have started layoff and Bengaluru is the major hub where the most of the IT companies have their premises have their offices…

Gopalakrishnan J: You have picked up from news article and another related article highlighted that TCS has gone on record to the Karnataka Labor Authorities that they have not identified –candidates and don't have the exact number of people that they may reduce".

Basically, we don't know if the headcount reduction is real and may be some of these are media interpretation as well. Second part of the story is that the GCC market, which is the global capability centre has picked up a lot of momentum in Bengaluru, Hyderabad .

These cities have have become big hubs and Chennai is closely following as the third big hub of GCC in South India. GCC market is growing tremendously. A small shrinkage in IT programming side of the job should get compensated according to whatever I'm reading from the research. I'm not an expert -- whatever I'm reading from the public domain, there is a compensatory reasonable strength in headcount addition in other sectors.

So we don't think there will be a demand contraction in the near future, unless the IT sector collapses. Then, there will be a confidence crisis in the minds of customer and that might lead to. But as of now, as we speak, we have not seen any signs of those at this stage.

Raj Mehta: But are we able to increase our average realization or that is becoming a stagnant and we are focusing on volume driven?

Gopalakrishnan J: As I said in my earlier earnings call I don't think we will see a big price hike during this year. The era of double-digit price hike that we saw post-COVID till last year, I think that might not happen. Developers have realized at some stage, you're going to compromise demand if you go on increasing 15% a year.

And that's a benefit of consolidated industry, right? Everybody, practically, every developer, we have seen the pricing for launches and advertisements that we are monitoring. prices have almost stabilized. During the quarter, we would have seen couple of percent increase, 1% or 2% in some micro markets and 2% to 3% in other micro markets.

So the prices are not going anywhere this year. But that's fine. We have moved up the price curve in a big way. So with the stable prices, rising demand should really get good traction for the developers. One last point on this. The new launches are attracting good pricing momentum.

For example, as Mr. Panday pointed out, we launched a project called the Codename called The One, which is what will be eventually called as Shriram Songs of the Earth in is about 10 minutes away from Electronic City. The project has delivered at least INR 600/sft more than our initial expectation we had while buying this land about a year ago.

We keep revising the price -- during the launch, we keep revising the price or refining the price for every 50 units. And when we see those allocation weekends, when we sit and see the -- what in your capital market language book building order book. As the book build nicely, we keep refining the price. And that trend of new project price momentum is encouraging.

Raj Mehta: So sir, if I may -- I will ask one question related to thing. If we are going to invest in new projects in coming years, and there is a stoppage in price appreciation or maybe there will be a very less price appreciation and we are focused more on demand driven.

So in that case, if the demand suddenly due to any external factors, goes into a toss, then are we able to convert any project and make profit? Do we have that much of gap in case any demand worsens and there is a breakeven or not even breakeven or we can make a sufficient ROE on that project? How are you taking these things into mind when you are going into new deals or new land acquisitions or new JVs?

Gopalakrishnan J: Very interesting perspective you're throwing. I want to clarify, we are not an FMCG company. And so we will have our own volatility like we are in stock market. We will have our own ups and downs on the demand and pricing. And the pricing of any new land acquisition is not done based on today's price. It is about a very cautious view we take.

And as you know, as you can see from the financials, we have about 34%, 35% gross margin potential. Nobody is going to underwrite a selling price for you. I wish somebody is underwriting me on a Sensex while I enter. I don't think it ever happens in life. FMCG is the only one.

That's why they get what they get in the multiples. All of us, the rest of us in the industry in the world are all thrown to cycles. What all I can say is housing demand is here to stay for some more years. It's not reached the peak of the cycle. And price volatile -- all of us did not complain when prices went up 14%-15%, including the customers who are still running and chasing.

So at some stage, it has to stabilize, as you call it, the consolidation of the pricing, like it happens in index and capital markets, it will happen here as well. Someday, you have to consolidate and once the market consolidates, it will start moving either way depending on how the demand trends are.

So if the prices become uncompetitive, then we have to slow down. We cannot keep on growing at a loss, right? Everybody does it. If the pricing is not viable, then projects don't take off. Land prices will correct automatically. That does not mean that what we are securing today will be underwritten by some third party. We have to underwrite ourselves.

Raj Mehta: Okay. And sir, last question. Since the IPO, we have been doing a wonderful job from a loss-making to a profit-making company. But the actual impact has not been reflected in the market capitalization. Can you throw some thoughts on that? And all the best for the future quarters?

Gopalakrishnan J: I would want your thoughts on it because you guys are determining the stock price, not me. We keep doing our work. We keep delivering volumes and earnings. And our PE keeps going down. We are one of the lowest PE companies in the listed space today as we speak. And price to cash, price to sales value, price to whatever you want to compare.

So I would like to hear some of the more knowledgeable people on this call to help us understand what else that company needs to do to revive or to get a fair valuation in the market, but we don't really like to focus on stock price.

Yes, we want shareholder value to be appreciating, but we don't want to play to the capital markets. We want to do our job correctly, deliver our earnings and results. And I'm sure market will one day appreciate the consistency of our earnings, consistency of our delivery and more importantly, meeting our promises most of the time.

Raj Mehta: So one advice, if you can do investors conferences in particular areas and you can attract the investors, foreign investors, our mutual funds, DIIs and family offices, then it might -- we might be on the better side.

Gopalakrishnan J: We will try to follow.

Moderator: The next question is from the line of Amit Mehendale from RoboCapital.

Amit Mehendale: My first question is on the handover again, I think we are planning to handle about 3,300, 3,600 units. How much of that we are planning to do in Q4? Q4 of this year, Q4 FY26?

Gopalakrishnan J: About 25% or more handovers will happen in Q4.

Amit Mehendale: Okay. And for these 3,400, 3,500, typically, what would be the revenue if we managed to deliver all the units?

Gopalakrishnan J: What will be the revenue if you hand over all the INR3,000 -- so roughly -- difficult for me to bet…

Amit Mehendale: Roughly some ballpark number?

Gopalakrishnan J: I would indicate maybe around INR1,200 crores, INR1,300 crores of revenue minimum.

Amit Mehendale: So for the current that we are doing on a quarterly basis and we are planning to sell about INR3,000 crores plus for FY26, what type of EBITDA margins are we looking at EBITDA at the company level, not at the project level?

Gopalakrishnan J: We have consistently maintained that quarter-to-quarter volatility will always be there depending on the revenue recognition…

Amit Mehendale: I am not looking for accounting number. I am looking for project level profitability. I mean when you're selling the project, what type of project EBITDA we have what type of net EBITDA do we see?

Gopalakrishnan J: Sorry, I don't think I follow your question. Are you saying what is the EBITDA likely? Are you saying what is the accounting treatment? I'm sorry, I'm not able to follow.

Amit Mehendale: I'm not talking about accounting. I'm just asking for the current sales, what type of EBITDA do we -- are we targeting currently as we are selling?

Gopalakrishnan J: That's what I was answering. And since you said you had a clarification, that's why I stop. As we have consistently maintained, -- in our business, EBITDA quarter-to-quarter will be volatile depending on how much unit recognition you have and what is the portfolio of the projects that you are income recognizing.

Therefore, I will talk about our average annual EBITDA margin. We have consistently maintained over the years that we will aspire and we will continue to drive towards gross margin of 30%, EBITDA margins of about 25%, PBT margins of about 8% to 11%. And I think we have -- most of the times, we have been in that range.

Moderator: The next question is from the line of Rakhesh Kumar from Right Shopping Private Limited.

Rakhesh Kumar: My question again is on the handover guidance again. You are targeting a handover guidance, which will grow by 14% in '26. In that case, should we presume that the top line for '26 would grow by 14%?

Gopalakrishnan J: It could be slightly higher than that. As we said just now, it will be more than that because the nature of the project. When we gave the guidance, we did go bottom up. And I believe we will most likely be upwards of INR1,250 - 1,300 crores.

Rakhesh Kumar: Okay. My second question is about the JV. How much handover this year you are targeting under JV?

Gopalakrishnan J: Out of the 3,300-3,600, we would have close to about 1,000, give and take some roughly about 1,000 units will be in JV.

Rakhesh Kumar: My last question is about your income tax provision. I think in this quarter, there is quite less income tax provision. What is the reason for that?

Gopalakrishnan J: So that assessment is done that assessment done on a quarterly basis based on wherever is there any other deferred tax provision reversals because we keep -- as you know, we take 3 years to complete a project, right? So during the period life of this project, there would have been some provisions made at different points of time.

Because initially, we incur loss and we incur profit towards the end of the project. And so those deferred tax provisions if there are any created in the past based on the projected profitability of each project that gets reversed at some point of time. So it's a very volatile number on a quarter-to-quarter basis.

Rakhesh Kumar: Okay. And my last comment on that shareholding value or the market capitalization. I think what I see when comparing your company with all other companies, your ROE is quite low, which is, I think, roughly about 5.5% last year, whereas I see all other companies, they are in the range of 10%. So yes, that is one -- just one point that I wanted to?

Gopalakrishnan J: Appreciate the perspective. I just want to submit some publicly available data. Based on publicly available data, our peers have ROCE in single digit except few like Brigade, which has a ROCE of 13% and ROE of 14.8%. All other companies have a single-digit ROCE and ROE at this point of time.

So it's not that different, but maybe you have a point that is some people are looking at between national players versus us. We'll work towards it a couple of years for our ROE to improve. If you may recall from our earlier conversation, we expect to be in a double-digit or mid-teen ROCE in the next 24 months.

By FY '28, we would have a mid-teen ROE as well. But we'll work towards it. But I'm not sure whether other numbers are significantly superior. I don't know, but they all have a very high earnings multiple.

Moderator: The next question is from the line of Rajesh Agarwal from Moneyore.

Rajesh Agarwal: How do we look at our presales -- how do we quantify that?

Gopalakrishnan J: Presales are quantified based on confirmed booking by the customer and supported by the advances supported by an advance. We don't consider anything as a booking unless there is a meaningful upfront contribution, which is at least INR 2 lakh of cheque for a 2-bedroom house and INR 3 lakh for a 3-bedroom house.

And without that, we don't take INR 10,000 bookings and all. And from the booking time, that's how we count our presales. And we don't take EOIs. And from the time of booking, we do KYCs and all the verifications, booking being a T, T+30, they should have paid 9.9%, T+60, they would have signed the agreement and paid 20%.

Rajesh Agarwal: Current presales value, total value?

Gopalakrishnan J: Current presales value is in the presentation at INR 441 crores.

Rajesh Agarwal: INR441 crores. And sir, do we have people who are backing out anything of percentage of 1% or 2% after that or are they back out?

Gopalakrishnan J: People do back out. Customers are customers, right? So after signing confirmation, then 1 lakh -- INR2 lakh and 3 lakh which is given is non-refundable. If they're back after the 9.9%, then there is a preset withholding, which is already in the forms and we withhold that amount and pay the balance.

After the agreement to sale is signed, because in Bangalore and Chennai both, we don't sign sale deed like Bombay till the is OC received. So therefore, is registered. And so when -- after they sign agreement and if they cancel, again, there's a withholding amount, which is usually very prohibitive number.

So we see a very low cancellation post 20% payment. Cancellation may happen in some extraordinary cases where family issues, health issues, those kind of things. Generally, we don't see a big cancellation after agreement is signed and 20% is paid.

Moderator: The next question is from the line of Raj Mehta from Raj Mehta & Associates.

Raj Mehta: Sir, I just wanted to ask one question whether Aurum Real Estate, which invested in us, whether we have started getting any benefit or it's a pure, pure investment and the platforms have not -- we have not been benefited from the platforms from the company's insights or the company's advice. How is the relationship with the Aurum Real Estate as of now?

Gopalakrishnan J: Yes. Just to correct the fact, Aurum Real Estate is an unlisted -- their private company. They have not invested in us. The buyer -- the investor in us is called Aurum PropTech, which has about 8 or 9 investments, are purely a property and property technology investment company, all belong to the same group.

So your question is still valid. They have very small operations in Bombay. They are not a big developer. So I doubt whether we will have a significant exchange of knowledge between both of us.

But we -- as an investor, as a member on the Board, we learn a lot from Mr. Ashish Deora insights in terms of managing the project, in terms of cost controls and systems and process and so on and so forth. So as of now, if you look at -- if you are talking about any business partnership or an alliance that we have, we don't have one, and we are not sure whether we'll have anything anytime soon.

If at all, we try to do anything from partnership activity, it has to be approved by the shareholder because there will be a related party. As of now, I think we are only benefiting from the investment as -- it's a pure strategic investment by them in our company, and they are one of the largest shareholders for us and also a member of the Board of the company. Beyond that, the relationship doesn't go.

Raj Mehta: Okay. And how is the relationship with ASK growing since we have completed many projects and whether we have -- we got any future investments from ASK?

Gopalakrishnan J: ASK, we are committed -- we have only one more project scope left in the platform that we have signed up. But like ASK as well as a few other brand names, we are working with in terms of creating new capital because they all commit capital from a particular fund and then they have to raise a new fund to be able to commit further money.

ASK is already in the conversation for additional limits, additional similar platforms, we are working on it. But we already have at least scope for another INR 135-140 crores of investment that can be made from the existing platform itself. We are working towards deploying that soon. And then we will enter into an additional similar platform with ASK as well as others.

Raj Mehta: Okay. And with respect to the government royalty, can you just guide us what's the status now?

Gopalakrishnan J: As I said in my May call, we think we have made a meaningful progress. The final decision outcome is expected. As is with any government, it is expected any time, but it has not come through for the last couple of quarters. So I would probably reserve my estimate on time line. But I think the path is fairly clear. It has been signed off by a lot of people in the government. And therefore, we believe we should be on the right track.

Raj Mehta: So how much reversal can we do in our P&L if we -- if the order goes in our favor, then how much reversal or how much PAT can increase because of that?

Gopalakrishnan J: No, I'll stay away from estimating that for now, but it is an exceptional onetime entry. So it will not have a -- it should not be seen as part of a PAT because it will be below the line as an exceptional item because it will be a onetime gain.

Raj Mehta: And sir, last question was related to how much savings have been made now since we are not using -- we are not going to pay the royalty to the Shriram Group?

Gopalakrishnan J: Annually, we have incurred about 5% of PBT in the past, which is about INR4 crores or something that was the number the annual run rate we had in the past couple of years. To that extent, we'll save during this year. And we currently still use a member of Shriram Group as a tagline. When that stops, the royalty contribution will stop permanently.

Raj Mehta: So as of now, we are paying royalty because we are using that tagline.

Gopalakrishnan J: We will not pay the full royalty because we have stopped using the brand identity. And we will stop using this member of Shriram Group in the foreseeable future or in the near future. And we haven't really committed any royalty flow on the member of Shriram Group usage. So therefore, for all practical purpose, entire royalty would be saved during the current financial year.

Raj Mehta: Okay. And sir, if it's possible, then since you yourself know how much undervalued is our company, then is there any chance of increasing promoter shareholding to a certain extent and gives the investor the confidence of the sale?

Gopalakrishnan J: There is no immediate plan to increase promoter holding. As you know, there's a transaction which is already approved by SEBI and it is in the working, in terms of inter promoter transfers. Only when that project is complete, then we will think about any other thing. But as of now, we should assume there's no increase in promoter shareholding from the market purchase.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Gopalakrishnan J: Thank you, everyone, for being part of this call, and it has been a good quarter, good start to the financial year, and we are happy to see you turning up in a large number to listen to our perspective on the earnings and the performance and outlook.

And thank you once again for being on the call, and we are happy to answer any queries that you may have at any point of time directly through SGA or you can approach us directly, either way fine.

Thank you once again for being on the call.

Moderator: Thank you, sir. On behalf of Shriram Properties Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.