Rustomjee

Date: August 7, 2026

The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 **Script Code: 543669**	National Stock Exchange of India Limited 5th Floor, Exchange Plaza, Bandra Kurla Complex Bandra (East) Mumbai-400051 **Script Code: RUSTOMJEE**

Sub: Q1 FY27 - Earnings call Transcript

Dear Sir/ Madam,

We are enclosing herewith a copy of the transcript of the Company's earnings conference call which was held on August 4, 2026 with respect to unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended June 30, 2026. The transcript is also being uploaded on the Company's website i.e. https://www.rustomjee.com/investor-relations/financials/.

This is for the information of your members, and all concerned.

Thanking You.

Yours faithfully,

For Keystone Realtors Limited

BIMAL KISHORE NANDA

Digitally signed by BIMAL KISHORE NANDA
Date: 2026.08.07 16:45:50 +05'30'

Bimal K Nanda
Company Secretary and Compliance Officer
ACS – 11578

Encl.: As above

“Keystone Realtors Limited

Q1 FY27 Earnings Conference Call”

August 04, 2026

MANAGEMENT: **MR. BOMAN IRANI – CHAIRMAN AND MANAGING DIRECTOR – KEYSTONE REALTORS LIMITED**
MR. CHANDRESH MEHTA – EXECUTIVE DIRECTOR – KEYSTONE REALTORS LIMITED
MR. PERCY CHOWDHRY – EXECUTIVE DIRECTOR – KEYSTONE REALTORS LIMITED
MR. SAJAL GUPTA – GROUP CHIEF FINANCIAL OFFICER – KEYSTONE REALTORS LIMITED

MODERATOR: **MR. PRITESH SHETH – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Keystone Realtors Limited Q1 FY27 Earnings Conference Call, hosted by Axis Capital. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Pritesh Sheth from Axis Capital. Thank you, and over to you, sir.

Pritesh Sheth: Thank you, Shruti. Good afternoon, everyone, and welcome to the call. From the management of Keystone Realtors, we have with us Mr. Boman Irani, Chairman and Managing Director; Mr. Chandresh Mehta, Executive Director; Mr. Percy Chowdhry, Executive Director; and Mr. Sajal Gupta, the Group CFO.

I'll now hand over the call to management for their opening remarks. Over to you, Boman sir.

Boman Irani: Hello.

Pritesh Sheth: Yes, Boman sir. Over to you for the opening remarks.

Boman Irani: Sorry, we lost you, Pritesh. Should I just take over? This is Boman Irani.

Pritesh Sheth: Yes, yes, sir. Please take over.

Boman Irani: Excellent. Thank you. Good afternoon, everyone. I'm Boman Irani, Chairman & Managing Director of Keystone Realtors Limited. I welcome you all to our Q1 FY27 earnings call. I thank you sincerely for taking the time and being with us today.

Let me begin with the key highlights of our operational performance for Q1 FY27. We have delivered pre-sales of INR 617 crores and we've had collections of INR 599 crores. We've added two new projects. One is our plotted development at Igatpuri and the other is part of a larger cluster in Dindoshi with a combined GDV of about INR 547 crores.

Our financial statements reflect the margin profile that we have consistently guided. This marks an important evolution of our reported financial performance. Against the backdrop, we have delivered a strong start to FY27.

Revenue for Q1 FY27 stood at INR 470 crores, up about 72% year-on-year. EBITDA grew at INR 105.1 crores from INR 30 crores in Q1 FY26, an increase of 259% year-on-year. EBITDA margins expanded to 21.3% from 10.1% in Q1 FY26. PAT grew to INR 52.4 crores from INR 16.3 crores in Q1 FY26. This is an increase of 221% year-on-year.

Our balance sheet remains robust with gross debt-to-equity ratio of 0.3:1 and net debt-to-equity ratio of just 0.02:1. This further reinforces our strong financial position. I'm happy to state that both CRISIL and ICRA have assigned us a AA- credit rating with a stable outlook.

Let me walk you through the key metrics for Q1 FY27. In Q1 FY27, despite no new planned launches, we recorded a pre-sales of INR 617 crores, driven by the resilient sustained sales, reflecting continued confidence from home buyers in our projects. The company is navigating a high base effect with a focus on sustainable cash flow and pipeline growth.

Cash flows remain resilient. Our collections are nearly matching the pre-sales figures for the quarter, rising 4% to INR 599 crores on a year-on-year basis, at collection efficiency of 97%. This indicates a very strong execution on ground.

The key strategic focus area continues to be accelerating the pace of construction, not only to uphold and exceed our delivery commitments, enhancing customer satisfaction, but most importantly, to optimize our collection cycle.

With faster progress on construction milestones, we are witnessing a direct positive impact on cash flows. Our construction spends have increased from INR 238 crores in FY26 Q1 to INR 299 crores in Q1 of FY27, 26% growth year-on-year on quarterly basis. This reflects our commitment to the delivery velocity.

I would like to mention that a total of about 12 million square feet of construction area is under development in 17 ongoing projects. Our projects Rustomjee Balmoral and Rustomjee 180 Bayview have successfully completed fastest 1 million safe man-hours.

Our gross debt-to-equity ratio remains comfortably within the guidance and is at 0.3:1. This is a reflection of financial discipline, which becomes increasing valuable in an environment where the cost of capital really matters.

There were no new launches planned in Q1 FY27. However, the company has a very strong launch pipeline planned across the MMR over the coming quarters. This is expected to enhance our market position and drive sustainable growth, while creating value for our customers and stakeholders alike.

With that in context, I'm pleased to share 2 significant milestones achieved during July 2026. We performed the Bhoomi Poojan and construction activity has commenced on our commercial project named 28 HQ, which is located in Prabhadevi.

In addition, we have started work and received the RERA approval for our residential project, Rustomjee Ozone Skye located in Goregaon West, adjoining our project, Rustomjee Ozone, which we completed in 2012-13. We are now ready for launch for this project.

To drive future growth, the company added 2 new projects to its portfolio during the quarter, having the estimated GDV of INR 547 crores. We are investing time and resources to be ready for the next phase of growth. As mentioned earlier, one of these was an addition to our cluster development in Dindoshi, which will make that project even larger now.

Our strategic additions further strengthen our leadership in cluster development, which continues to be a key scale multiplier for our company. At the same point of time, our entry into the Igatpuri micro market through our plotted development vertical is approximately 62 acres and this expands our presence in the high-growth lifestyle real estate segment.

With its proximity to Mumbai, Pune and Nashik, strong connectivity through the road network and rail network and increasing appeal as a leisure and second home destination, Igatpuri offers significant long-term potential and living charm in the short run.

The venture is well aligned with our business model as plotted developments typically deliver faster cash flow cycles, improved profitability and our return ratios. They also act as a velocity multiplier supporting our long-term growth strategy.

You know that since FY23, we've added 27 projects totaling a total estimated GDV of INR 31,079 crores. Notably 21 of these are redevelopment projects and 23 serve the luxury, super premium, premium and emerging premium housing segments. With a strong and diversified portfolio across MMR in price points and the markets we serve, our strategy ensures resilience and growth across various market cycles.

Turning to our financial performance. We've generated an OCF, operating cash flow of INR 68 crores during the quarter 1 of FY27. Our land and approval investment in projects has increased to INR 232 crores compared to INR 151 crores in Q1 FY26. This is a 54% year-on-year growth, pointing towards more launches taking place now.

The investment scale continues to strengthen our development pipeline and positions us well for future launches. On a consol basis, we've reported revenue from operations of INR 470 crores in Q1 FY27, a 72% year-on-year growth. EBITDA has increased to INR 105 crores from INR 29 crores in the corresponding quarter last year, reflecting 259% year-on-year growth, while EBITDA margin stood at 21.3%, up from 10.1% in the corresponding quarter last year.

Profit after tax has also increased to INR 52 crores in Q1 FY27. This is up from INR 16 crores in the corresponding quarter last year, which again reflects a robust 221% year-on-year growth, marking our highest ever Q1 PAT.

Our balance sheet continues to remain strong. As of 30th June 2026, gross debt stood at approximately INR 876 crores with a gross debt-to-equity ratio of 0.3:1, well within our stated guidelines. We've closed the quarter with free cash of about INR 803 crores, underscoring our healthy liquidity position, and our net debt-to-equity ratio remained very comfortable at 0.02:1.

I'm delighted to share the company's credit rating has recently got upgraded by ICRA as well from A+ with stable outlook to AA- with a stable outlook. This is alongside the CRISIL ratings, assigning where they have assigned us a AA- with a stable outlook. With this, we are dually AA- with a stable outlook rated company. This is a clear market endorsement of our financial profile, project pipeline, capital allocation, discipline and progress.

On the ESG front, we've continued to make meaningful progress across environmental, social and governance guidelines. We've achieved the ISO 14001 2015 and the ISO 45001 2018 certifications across all Rustomjee projects in MMR. This reflects our commitment to robust environmental management and highest standards of occupational health and safety.

Our projects, Rustomjee Crescent, Rustomjee 180 Bayview and Rustomjee Ocean Vista also have received gold precertification under IGBC. This is a green building rating system. This reinforces our focus on high-quality and sustainable developments.

On the social impact front, I'm happy to say that in partnership with Rotary Club of Bombay Airport, we've successfully completed the Kawale Village Dam project. This project is expected to create lasting benefits by ensuring year-round water availability for nearly 1,800 farming families and significantly contributing to groundwater recharge, thereby strengthening the long-term sustainability and resilience of the local community, while enhancing local biodiversity.

We at Rustomjee believe such initiatives not only create lasting value for communities, but further enforce our commitment to responsible and sustainable development. We not only build homes, we build trust, we build communities, we build futures. We strive to create homes for a place called family, which you must have seen in our new campaign.

We put belief first, blueprint next, a belief that says every family deserves to live in a space that is thoughtfully designed for them as we intend to keep doing exactly only bigger, faster and better going forward. The best of Rustomjee is ahead of us. I look forward to sharing that journey with each of you.

Thank you for your trust, your partnership and your continued confidence in us. We now look forward to your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Harsh Pathak from Motilal Oswal.

Harsh Pathak: It's good to see the performance on the collections front. So keeping in view the Q1 performance, I think for the next 3 quarters, we are left with an asking rate of INR 4,300 crores to INR 4,400 crores of presales. While you have given the launch pipeline, can you please highlight which would be the key launches in the forthcoming quarters?

Boman Irani: Sorry, who is this? May I just know?

Harsh Pathak: Yes. This is Harsh Pathak from Motilal Oswal.

Boman Irani: Harsh Pathak from Motilal. Am I right?

Harsh Pathak: Yes. Yes, Boman.

Boman Irani: So Harsh, I'm just going to tell you which are the projects in our launch pipeline for this year. One is Urban Woods, we are launching 2 towers, a total value of about INR 300-plus crores. Avinash Towers, which is in Versova; Urbania, which is our Thane project, we're launching 2 towers. 28 HQ, as I already mentioned in Prabhadevi is launched. Rustomjee Ozone Skye work has started.and we are launching the project. GTB Nagar, we should be launching Phase 1 this year. The Dindoshi cluster should also be launched later this year. And Om Nagar, which rests in Andheri East. Altogether, these projects should be an estimated GDV of about INR 8,000 crores plus as was guided by us earlier. Like I mentioned, I just want to repeat, we've already done about INR 2,000-plus crores of launches with 28 HQ in Prabhadevi and Ozone Skye, which is in Goregaon West.

Harsh Pathak: And Boman, also looking at the embedded margins…

Boman Irani: Was I clear? Can everyone hear me?

Harsh Pathak: Yes. Am I audible?

Boman Irani: Yes, you are now.

Harsh Pathak: Yes. So yes, that was clear. I was also looking at the Slide number 44, highlighting the embedded EBITDA margins. So for your unsold projects, which are yet to be recognized, I think I just wanted this clarity in the mass market segment, we are having a 30% EBITDA margin, which looks, I think, quite higher than the rest of the projects, which are in the super premium, premium and emerging premium segments. So how should we look at this? And how would these margins be higher at 30%?

Boman Irani: Sorry, I think we got dropped off for some time in between. You were mentioning 30% EBITDA margin on.

Harsh Pathak: The mass market projects, which is -- which appears to be quite higher than these projects in super premium, premium and emerging premium. So how should we look at this?

Boman Irani: Thanks, Harsh. I'll let Sajal take that, please.

Sajal Gupta: Yes. So look, what happened that in the mass market segment, we have the Virar, the Virar is a part of the mass market? What happens the Virar that we have given out, we explained our strategy that we have given out the FSI through a JDAs to various developers. Most of the cost has already been incurred on that.

What we get is a revenue share and a security deposit. And as a result, we have about 60% margins, which comes to us net of the approval cost that we have already or a good part of the approval cost that we have already incurred.

Now since these JDAs have just been started, the historical number include a very small portion in the sold area and the future number includes a larger portion, which is yet to be sold. So in my INR 570 crores of the revenue, which is meant to be in unsold, about INR 181 crores is to come from the Virar JDAs, which are about 32% and where I have about 60% margins. Wherein my current sold value, it is only 8%. So it is more of a product mix basically, which is giving this kind of an increase in the embedded EBITDA.

Harsh Pathak: And lastly, on the net debt side, I think after many quarters, we have reported a net debt number. How should we look at this for FY27 and '28?

Boman Irani: [Inaudible 0:18:05] There's an issue, how does one resolve it?

Sajal Gupta: Can we take it on your mobile. Yes, give it, then we can continue. Pritesh, can you hear?

Moderator: Yes, sir. I will just connect that number. One moment.

Sajal Gupta: Yes, Pritesh apologies. There was some technical glitch that got dropped off, but I think we are now good. So you may continue your question on the net debt.

Harsh Pathak: Yes. This is Harsh Pathak from Motilal Oswal.

Sajal Gupta: Yes, Harsh. Sorry, you can continue with the question. Sorry.

Harsh Pathak: Yes. So my question was on the net debt side. After many quarters of being net cash, we have not reported a net debt number. So how should we look at this figure for FY27 and '28?

Sajal Gupta: So look, we have always been guiding earlier we used to guide that our gross debt to the equity should be 1:1, then we raised the bar further at the start of this year. And we have said that our gross debt to the equity will be 0.75:1. Now we are still at 0.3:1.

Net debt at some point over time is bound to go into the positive territory. It may not be appropriate for us to hold the large amount of our cash, and we are into a business wherein deploying the cash makes much sense than holding it back. So fundamentally, our intention is not to continue into the net cash position.

But having said that, we still have a comfortable cash position. We are holding more than INR 800 crores as a cash with us. And I think these are the signs of absolute comfort in terms of liquidity.

Moderator: The next question is from the line of Rushabh Shah from BugleRock PMS.

Rushabh Shah: Sir, my question is in the ongoing projects, we have luxury and super premium projects. But in the forthcoming part of it, we are more focused on the emerging premium projects. So just wanted to know the thought process behind it. Do you think our IRR is better in the emerging premium market than the luxury or super premium?

Boman Irani: So just to answer your question, if you go to Slide 32, you will see that we have quite a few luxury projects that we already have launched. So while keeping that in mind, we are moving more towards the premium and super premium. And yes, that is our business plan strategy.

Sajal Gupta: And we are also rebuilding the pipeline, given that a lot of projects have only recently gone in the launch are the projects that Boman sir, just told that Ocean Vista, Panorama, Cliff, Bandstand, Crescent, all of these have gone into a launch mostly in the last year. We are also working towards rebuilding the pipeline because these pipelines should continue to go for the next 4 years or so.

And obviously, we are looking at the business development and strategies to build the projects portfolio into this segment as well. So there is no intent to, let us say, get away with the luxury pipeline. But yes, our focus will always be more on the premium and super premium category.

Rushabh Shah: Okay. And sir, you say that you are very selective in the kind of locations as well as the types of projects you take. So just wanted to know which are those projects like you will never take? Like what would be those 3 or 4 things that will make you avoid any kind of projects?

Boman Irani: So we are very, very careful while choosing our projects. Any project that does not meet our criteria that we've set out for ourselves, namely that gross margins to GDV and/or EBITDA margin thereof and/or projects that do not have any kind of certainty in terms of line of sight for launches and completion are the kind of projects we'll stay away from.

But let me tell you the kind of projects we will do. We believe that the redevelopment market, where we've got a very strong base continues to be something that will be in the supply side for Mumbai and MMR area. And since we are the strongest in this, we'll continue to be there in that field.

As a matter of fact, you'll hear about a lot of projects that we are taking up in this space. And we are only working on projects, which fit all our criteria, and that's how we enter inside. Otherwise, we let it go.

So I said this before, I'll say it again, that when I win a project, I'm happy. When I don't win a project, I'm happier because what happens with that is somebody else is deciding to take a bet, which is far beyond the markets reward areas. So I would not go there.

Moderator: The next question is from the line of Sumit Kumar from JM Financial.

Sumit Kumar: Congratulations on a good set of numbers and increased disclosures as well. My first question is on the launch tracker that you've given on the pipeline. The major part coming from 2 projects, both of them cluster development, one is GTB and the other one is in Malad. So in terms of readiness, where are we in terms of approvals? And do we expect these launches to happen in the second half? And what is the preparedness for these 2 projects?

Boman Irani: So Sumit, thanks for that question. Basically, if you look at GTB, GTB Nagar is a MHADA C&DA project, wherein we've just cleared the HPC. It's gone for what's called the final leg of signatures and we should have that in place. As a matter of fact, I think if I'm not mistaken, we should be able to launch it in this quarter itself and/or early next quarter, but more likely in this quarter itself.

With regards to Dindoshi also, that project has been put up for its approvals. It will come up for hearing in the next HPC meeting, which is a normal process, after which it will take again, it's a MHADA project, it will take about 2.5, 3 months thereafter to get that launched also.

Sumit Kumar: Okay. So I mean, fairly safe to assume that both these projects will come up in this financial year itself and no risk of any spillover?

Boman Irani: In this financial year for sure and maybe latest in the next quarter itself.

Sumit Kumar: My second question is to Sajal. Sir, on that unrecognized revenue of the sold but yet to be recognized projects, you have like INR 63 billion. So what is the time line of recognition that you would estimate or foresee within the next 2 years or 3 years, what kind of a time line you are seeing there?

Sajal Gupta: I think 3 years will be the more correct estimate. But you know that it will be progressively done. Some of the projects are in the late stages of the construction and some projects are in the early stages of the construction.

Those projects, which are in early stages of the construction, it will take about 3 years for the entire margin to be recognized and those which are in the late stages, maybe it is 1 to 2 years. But on an average, I will say about 2 to 2.5 years or so should be the average time period that you can take for all the projects.

Sumit Kumar: And just a follow-up on this. In the luxury segment, if I see INR 12 billion, where does the recent launches stand here? I mean, whatever we had launched last year, it is included in which of the buckets?

Sajal Gupta: So fundamentally, there are 5 projects in this segment. One is the Panorama, you know, is in the Pali Hill; Ocean Vista, which is in Versova; Cliff Tower, again at Bandra, Mount Mary; and Bandstand CAMA that we have launched in the last quarter of the last financial year, which is the Bandstand project. And we have 1 completed project, which is a Parishram. So these are the 5 projects, which is into the segment.

Sumit Kumar: Okay. But largely, we do have unsold inventory in all these, right? So largely, the...

Sajal Gupta: We have unsold inventory in all the 4 projects. Then like Parishram, we can take it out because it is completed. So there is an insignificant unsold inventory. But yes, we have an unsold inventory across these 4 projects.

Moderator: The next question is from the line of Divyansh Jaju from Trinetra Assets Managers.

Divyansh Jaju: I just want to understand [inaudible 0:29:39] what are the criteria which are there to -- when a project gets canceled?

Boman Irani: I couldn't hear you very well. Could you please repeat?

Divyansh Jaju: My first question was that on which criteria like any project is canceled? So what are the criteria on which that project gets canceled?

Sajal Gupta: Yes, Divyansh, I think Mr. Boman Irani has already mentioned that we have certain guardrails. The project has to meet our guidance in terms of the gross margins. Generally, we would like to work on the gross margin of 35%. Having said that, it should be a little more on the luxury side or the premium side of the project and a little lower on the emerging premium side of the project.

Secondly, we are very conscious about the investments that how much of our investment is going. Generally, we believe in the asset-light model that we should be investing about 10% of our total GDV before the project go live.

And third is the kind of a market that we are operating in. We are very conscious about the location. Either it should be infrastructure-led location or it should be the location which has a blue view or a green view. These are some of the criteria which we take into account. If this is not meeting these criteria, then we are happy to let it cancel or go away.

Divyansh Jaju: Okay. And last...

Sajal Gupta: I guess, this was a question. I'm sorry, I am not too sure whether I understood your question right.

Divyansh Jaju: No, this was correct. I just wanted to understand what are the criteria for a cancellation of one project

Sajal Gupta: This is not cancellation. This only speaks of our level of aggressiveness in the bid. It is not that once we take the project and the LOI comes to us and we sign the DA, then thereafter, any consideration like this, so there is no cancellation. I will not call the word cancellation. I will call the parameters which goes into making a choice about the project in which we are bidding. So these are you can say the bidding parameters rather than the cancellation.

Divyansh Jaju: Yes, more about selection criteria.

Sajal Gupta: Selection criteria. Perfect. Yes.

Divyansh Jaju: Okay. And apart from Mumbai, are there any geographies where Rustomjee brand is successfully thinking to more getting into it?

Sajal Gupta: I'm so sorry, we just missed your question.

Divyansh Jaju: My question is, looking beyond Mumbai, any other geographies where our brand is thinking to successfully replicate and doing the same task?

Boman Irani: So we had mentioned earlier that we are already in Nagpur. And the other thing that we had mentioned is, given the way Mumbai MMR market is growing, whether it is Palghar, whether it is Karjat, Kasara, so we want to be definitely there in the expanding MMR. And we are pretty focused on moving towards where infrastructure grows. So you might hear very soon about our tie-up in Palghar as well.

Moderator: The next question is from the line of Pritesh Sheth from Axis Capital.

Pritesh Sheth: Just 2, 3 questions. Firstly, on the cash flows, while I think we did well on the collections front, but OCF was a laggard and soft this quarter. I understand the quarter-on-quarter trend, but I think we guided for INR 1,000 crores OCF last time for this year. By when should one expect an uptick in OCF? Would it be from Q2 onwards? Or it's more of a second half kind of a story?

Sajal Gupta: No. For sure, that it will start picking up from the Q2. But more noticeable difference, you will be able to see in Q3 and Q4.

Pritesh Sheth: Sure. And the INR 1,000 crores guidance remains intact, right? No change on that?

Sajal Gupta: INR 1,000 crores guidance remains intact, yes.

Pritesh Sheth: Perfect. Okay. Second, on the demand trend across the segments, I think as soon as the West Asia crisis started, we started hearing some negative feedback around the luxury demand. So if you can just highlight for each of the segment, how has been the demand trend in last quarter? Any significant difference between each of them, if you want to just cater to? Yes.

Boman Irani: Very clearly, there has been actually equivalent amount of demand in the luxury and premium segments. I would like to state that in the segments which are classified as mid-mass and aspirational, depending on the location, we have seen a good amount of walk-ins. One project which is getting launched in Goregaon West will give us a better dipstick on the happenings.

But Thane has done standard as was expected, as per the business plan, so has Dombivli. So we do not see a huge -- how do I say this? We're not seeing any kind of reduction in it. And one of the reasons could be that basically, whenever there's a downturn, customers start moving towards the more established brands. And while, if at all, the overall market has seen some kind of reduction in walk-ins, we've not seen that.

Pritesh Sheth: Good to know that. One question on the plotted side since you have started seriously looking at this segment. Out of this INR 10,000 crores presales guidance in FY30, how large this plotted development segment would be for us in terms of annual presales once we get there?

Boman Irani: So Pritesh, we've already said this in the past. I'm looking at this as INR 500 crores to INR 750 crores year-on-year in terms of presales with a margin of exceeding INR 150 crores to INR 200 crores year-on-year. So this is the minimum that I expect from this business. And as we go along, we are learning more about it.

When we entered this market, we were one of the larger established real estate developers that was working on plotted developments, and we were doing larger layouts. And what we've picked up from there is the consumer looks at a lot more in terms of development before launch.

So now, our next projects will get launched only when they are, let's say, 70% ready so that the buyer can have the ability to come and start living in those places in, let's say, less than a year's time because that is what their demand we've noticed has been.

Secondly, we also noticed that there are certain crowded belts where there is a lot of -- how do I say this, a lot more floss than there is reality. So we are staying to those markets where we can give a huge upside to our investors because we believe that land is possibly the best investment. And if done right, it should give return in terms of multiples.

Pritesh Sheth: Sure. Perfect. And just one last on the revenue recognition side. Sajal sir, since now it's mix of completed projects as well as under construction projects, so how should one think about the revenue recognition for next 2 years? If you can potentially give us some guidance trajectory or some numbers around that? What should be the absolute number that one should look at?

Sajal Gupta: So Pritesh, effective 1st April 2025, we transitioned into the percentage of completion method. And how we transitioned is that all existing projects at that point of time, we continued in the completed project method. And all new projects, we started recognizing the margins based on percentage of completion method.

We have still about 5 or 6 projects which are in the old method of revenue recognition, which is the completed project method. We expect a substantial portion of that, almost 95% of that to be recognized during the current year only. And from the next year onwards, the bulk of the revenue or, say, almost 98% of our revenue will be comprising of the projects from the percentage completion method only.

So all these projects will get over during the course of the current financial year. Even the portion in the current financial year, as you rightly said, it's a bit of a mix. About 40% of our revenue in the current year comes from those projects which are under completion method and 60% comes from the projects which are under the POC method.

Moderator: The next question is from the line of Rajakumar Vaidyanathan from RK Investments.

Rajakumar Vaidyanathan: Just a couple of questions. So the first one is, sir, I just want to understand, if there is an interest rate hike, how much of a dampener it will be to your plans?

Sajal Gupta: So fundamentally, number one, if you look at our debt profile, our debt is very small. We are not having a large debt. My debt-to-equity ratio is only 0.3:1. That is the point number one. Number two, you would have also observed that consistently, we are able to improve our credit rating. We are amongst now a few players who are having a AA- credit rating.

In fact, now both from the CRISIL as well as from the ICRA, we are enjoying the credit rating of AA-. So should there be a situation that there is some small hike in the interest rates, I will say that it will have insignificant impact on the margin profile.

Rajakumar Vaidyanathan: Yes. Sir, my question is more from the customer standpoint. So how much of a dampener it will be from the demand standpoint?

Sajal Gupta: Customer standpoint, look, I don't know what is the view, but the government view is generally to keep the interest rates intact. We are not hearing any news about the interest rates going up very soon. But we have seen one thing that even if the interest rate goes up, the customer looks at basically the larger cycle.

Most of the homebuyers basically look at about 15, 20 years or 10 to 20 years of the horizon. And during this horizon, the interest rates at times goes up and at times goes down. But in any of the cycle, customer buys and look at the overall interest burden through the whole of a cycle. It more or less works out to be same.

So now, with the more educated customers, they have started looking at the product. They have started looking at opportunity. And the influence of the interest rates on the buying decision is forming a smaller proportion of the overall buying decision-making.

Rajakumar Vaidyanathan: Okay. Got it, sir. So you have done any sensitivity around this? Or you think it's not a big discerning factor?

Sajal Gupta: We have done a sensitivity -- look, this company is now 30 years old. So obviously that we have also gone through various interest rate cycles. And then, since you also know that we have a good amount of portfolio into the premium segment or super-premium segment, the luxury segment.

And this segment generally is less sensitive to the interest rates. And extremely affordable segment, less than INR 1 crores, that is more sensitive. And progressively, our stake in that segment is going down is what you can observe from the overall pipeline.

Rajakumar Vaidyanathan: Okay. Got it, sir. Sir, the second question is on the P&L for this quarter. So it looks good. The margins are really looking very nice. So I just wanted to know whether all your low-margin Crown projects are all done or will be taking hit somewhere in the upcoming quarters?

Sajal Gupta: No, it is not all done. As I said that some portion of the revenue recognition from the legacy project is still in the work. But having said that, the proportion of the revenue recognition out of the legacy projects is going to be insignificant as large portion has already been recognized. In the current year, of the total revenue profile, we are expecting 15% of the revenue to be contributed by the legacy projects and 85% to be recognized from the current projects.

And as you know, on the current projects, our margin profile is good, 35% gross margins, 20% PBT. So a large portion of the revenue is going to be contributed from the current projects. And this year should logically be the last year of the legacy project, and that too insignificant portion in the overall revenue profile.

Rajakumar Vaidyanathan: Okay. So which means the margin profile would look good go forward?

Sajal Gupta: The margin profile will continue. Margin profile, I would like to summarize it like that the margin profile will continue to improve quarter-by-quarter. And as we move that, it will be more in sync with the guidance that we have been giving.

Moderator: The next question is from the line of Ronald from ICICI Securities.

Ronald: Congratulations on good sales run rate and collections. On the collection front, sir, I wanted to ask, like we have increased our ads with respect to 10:90 schemes. So is it for a selected few projects or are we going to do this for the whole bucket of projects? And whether that should -- although it would help you a lot in terms of completing the projects much earlier and earlier cash flow recognition, but the collections might get affected in the interim or is there some takeaway from this?

Sajal Gupta: So Ronald, thank you very much for the question. I think you asked this question to me offline also. And I'm happy now to answer this question for the benefit of everyone. So most of this 10:90 plan that you look at, these are the plans which are generally backed by the banking plan simultaneously.

These are not the open plans wherein the customer pays 10% today and he has to forget about making any payment for the life. Maybe customers need not to make the payment, but these are simultaneously tied up with the bank subventions plan, wherein bank is giving us the money with the progress of the work at every stage.

And the customer EMI, of course, starts after the completion of the project. So 90% or I will say about 85% of the situation that these plans are simultaneously backed up with the bank tie-up, wherein we are able to get the progressive payment as we move.

And maybe 15% of our situations for the specific projects, which are nearing completion and for the specific inventory and for a very limited period, we may give the payment plan. But generally, for all the regular projects that these are the bank-backed payment plan.

Boman Irani: Also, Ronald, just to add to that, what we have observed is, when we offer such schemes, not more than 30% of our buyers would generally opt for it. Most of them continue to opt for construction-linked payment schemes itself.

Ronald: Secondly, on, sir, this cluster redevelopment opportunities, we have been adding land in the cluster projects, which we already have. So going ahead also, we should be looking at further enlargement on those projects or are we also looking at newer clusters or newer projects?

So would you prefer to add in an already backed cluster redevelopment project or you would prefer a new cluster to redevelop? Does this have any impact on margins? Should it get better margins with additions? And does that project impact the launch or the launch would happen timely. Only the newer additions, that portion would get launched at a much later date?

Boman Irani: Okay. So 3 questions is what you're asking. I'll answer the last one first. Can these affect launch dates. No, because what really happens is, project gets launched and 33(9) allows you to add more to it. Of course, there are certain guidelines. The cluster has got to have 20% to 25% of the new area that is added to it as a minimum criteria. So it does not affect any time line launches.

What we have to examine is, when you are in a particular locality and you're able to get more plots added to the cluster, it actually gives you a higher return than going in as a whole new cluster. Again, not really a direct answer to you, but each one is a specific case in its own, and we keep observing which one works out better for us.

But in light of making better development or making the area better for the development that we have already started, we readily welcome more and more plots to join us. And once they cross the criteria of the 20% or 25%, then we take them for the HPC clearance and then we take them for the approvals.

Chandresh Mehta: Just to -- Ronald, just to add on to this, the additional area that we look at is, definitely we look at equivalent or better commercial terms compared to our earlier cluster. So that's one of the criteria we look at.

And also qualitatively, does it have a potential to improve the overall planning and overall layout and the overall customer experience that we intend to deliver. So these are the 2 criteria under which we allow any additional area to be added on to the cluster over and above the criteria, as Boman mentioned.

Secondly, we are not averse to looking at newer clusters because we believe that this is where our competitive advantage lies compared to stand-alone development or smaller developments, especially in the redevelopment space. So this is where, looking at our history and track record of doing redevelopment across various locations and across various sizes of land development, I think we are best suited for cluster redevelopment.

And Government of Maharashtra is, of course, giving additional benefits for larger cluster development. So all in all, it's a win-win for everybody, win-win for the original residents of that location, win for the customer because he gets a better and a bigger layout, and definitely, for the developer because it improves the margin profile of the cluster that we are undertaking.

Ronald Siyoni: 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.

Boman Irani: So thank you again, one and all, for joining us on this Q1 FY27 earnings call. On behalf of the Rustomjee management, I thank you for joining us. And should there be any further queries, please feel free to reach out to us, and our team will respond to it immediately. Have a lovely day and a great year ahead. Thank you.

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