

Rustomjee®

Date: May 18, 2026

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Sub: Q4 FY26 - 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 May 12, 2026, with respect to Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended March 31, 2026. The transcript is also being uploaded on the Company's website i.e. <https://www.rustomjee.com/about-us/financial-statements/?year=2025-2026>.

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

Thanking You.

Yours faithfully,

For Keystone Realtors Limited

Bimal K Nanda
Company Secretary and Compliance Officer
ACS - 11578

Encl.: As above

KEYSTONE REALTORS LIMITED

Rustomjee®

“Keystone Realtors Limited
Q4 FY '26 Earnings Conference Call”
May 12, 2026

Rustomjee®



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. RISHITH SHAH – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Keystone Realtors Limited Q4 FY '26 Investors Conference Call hosted by Axis Capital Limited. 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, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Rishith Shah from Axis Capital. Thank you, and over to you, sir.

Rishith Shah: Good evening, all. Welcome to the earnings call of Keystone Realtors for Q4 and full year FY '26. The management is represented by Mr. Boman Irani, Chairman and Managing Director; Mr. Chandresh Mehta, the Executive Director; Mr. Percy Chowdhry, the Executive Director; and Mr. Sajal Gupta, the Group CFO.

Without further ado, I will hand over the call to you. Thank you.

Boman Irani: Good afternoon, everyone. I'm Boman Irani, Chairman and Managing Director of Keystone Realtors Limited. Welcome to our Q4 FY '26 and full year FY '26 earnings conference call. I thank you all for taking the time to be with us today.

Let me begin by saying or giving you our headline numbers. They tell a story much better than any words that I can use. The presales that we have done this year are INR4,022 crores. This is an up of about 33%. Q4 presales are at INR1,346 crores, which is a 58% year-on-year jump. This has also been our highest ever quarterly presales. Our BD has done extremely well, and we are at about 1.74x the guidance that we had given.

We are a net cash positive company, and this has been our position throughout the year. Our gross debt-to-equity ratio is at 0.26:1. We have recently been given a rating of AA- with a stable outlook by Crisil, indicating sound financial health of the company. I want these numbers to sit with you as this is the backdrop for everything that I'm going to say here on.

When we got listed, we had made a set of commitments to all of you. We said we will tell you what we can do and then we will do it. Three years on, I'm happy to state and very, very keen to tell you that we have kept our word all through, year after year, quarter after quarter, across presales, across collections, across project launches with business development, keeping debt discipline and making sure to optimize operating cash flows.

We have always met or surpassed every single guidance metric that we have shared with you. This is the result of a deeply disciplined organization, having a resilient brand and a culture of accountability that runs from the boardroom to all our sites, construction and building otherwise. I want you to hold on to these thoughts again because this is the lens through which I will tell you all that I am going to today.

We've said before that Keystone Realtors is an inflection point. Some of you have nodded politely accepting our statement. Today, I invite you to look at the operational performance that we are reporting. These numbers will make the case far more elaborately and eloquently than I can. Our presales have grown 2.5x in just 3 years. You remember, we were at INR1,604 crores in FY '23. And today, we are at INR4,022 crores in FY '26. That is a CAGR of 36%.

Our market share in the MMR has doubled. We are at approximately 2% of the market of MMR in the last 3 years now. These are hallmarks of a company that is structurally gaining ground. Our legacy project overhang that weighed down on us on our reported financials are now substantially behind us. You can expect us as an organization to improve our reported margins going forward. Our financial performance will truly begin to mirror the operational strength we have been building.

Let me walk you through some of the key metrics for the year. Full year presales, INR4,022 crores, like I said, 33% increase over FY '25. This is bang on in line with our guidance. In Q4 alone, we recorded INR1,346 crores, like I said, a remarkable 58% year-on-year growth that reflects both the quality of launches and sustained appetite for our brand Rustomjee across the MMR.

Our total collections in FY '26 stood at INR2,622 crores, again, a 13% increase year-on-year. Q4 collections interestingly, were at INR853 crores, up 14% year-on-year. Our operational cash flows for FY '26 stands at about INR715 crores. We remain one of the very few listed companies, real estate companies that has maintained a net cash positive status throughout FY '26. Our gross debt-to-equity ratio remains comfortably within the guidance of 0.26: 1.

This is a reflection, like I mentioned, of the financial discipline, and it becomes increasingly valuable in an environment where the cost of capital continually matters. With 2 project launches in Q4 FY '26, we have launched projects of GDV INR3,978 crores in that quarter. Our total aggregate 7 projects launched in FY '26 was a combined estimated GDV of about INR9,813 crores. This is 1.4x the guidance of INR7,000 crores and a 96% growth year-on-year. Our BD has done extremely well. [inaudible 0:06:39].

I'm so sorry about that. I'm not sure where we got cut off. So if you have to hear some repetition, please bear with me. We have 2 projects launched in Q4 FY '26, making a GDV of INR3,978 crores. That's almost INR4,000 crores in the last quarter. And the total 7 projects that we launched in FY '26 had a combined estimated GDV of INR9,813 crores. That's about 1.4x our guidance of INR7,000 crores and a 96% growth year-on-year.

Our business development has done extremely well. We've added 5 projects with a total estimated GDV of INR10,400 crores in FY '26. This is 1.74x our guidance, which was INR6,000 crores and 118% growth year-on-year. Since FY '23, we have added 25 projects totaling INR27,800-plus crores GDV. Notably, 21 of these are redevelopment and 18 serves in the emerging premium and premium housing segments. Each project is underwritten at approximately 35% gross margins with upfront equity capital capped at approximately 10% total project GDV. This asset-light margin-first approach ensures that every project we add strengthens our balance sheet.

Now let me tell you about what we have done and what we are about to do. You are aware that we have more than doubled our stake in the sales in the city. But recently at our open house, we have made and presented to our entire team a road map where we have identified that our company, Keystone Realtors will achieve and be in the INR10,000 crores presale club by FY '30. This is not wishful thinking. This is not just an aspiration, but this is a target that we are fully prepared organizationally and individually to achieve. Our pipeline, our brand equity, our balance sheets, our teams, all of us are calibrated towards this one North Star. INR10,000 crores presales by FY '30, I'd like to say, is our commitment to our growth.

We've delivered about INR4,000 crores in FY '26. FY '27 guidance is INR5,000 crores. That's approximately a 25% growth. From there, we need to compound at approximately 26% annually to reach this target of INR10,000 crores by FY '30. The rate is lower than the 36% CAGR over the past 3 years that we have already shown. This is possible with our cluster redevelopment, our plotted development, commercial annuity portfolio. Like I say, we are going to improve our scale, our velocity and improve stability of our company.

The scale multiplier will be achieved by the large cluster developments, newer type of developments that we do. Velocity will happen due to the added cities or towns that we will increase our foothold or our presence in. And the stability will come through the wide range of commercial portfolios that we are now beginning to assess and start.

The path to INR10,000 crores begins. The first step is this year will be a presales of INR5,000 crores. Project launches will be about INR8,000 crores this year, and our acquisitions will be roughly about INR8,000-plus crores. Our gross debt to equity will still be capped at 0.75:1.

I want to say this to all of you. The Indian real estate and specifically the MMR real estate is probably at its early stages of structural multi-decade demand cycle. We are probably the fastest-growing large economy of the world. Urbanization, as we've mentioned before, is accelerating. Aspirational middle class and affluent consumer base is expanding rapidly. Premium and luxury housing, once considered niche and out of reach has now become mainstream.

There is a strong demand in this category. The post-COVID behavioral shift towards homeownership, larger living spaces and quality-first choices has proven super durable. What we witnessed in FY '23, '24, '25 and even '26 is not just a flash out in the pan. It is, as a matter of fact, the beginning of what is to come.

We are operating in a very attractive urban real estate market, and we are one of the trusted developers in this market. The redevelopment opportunity in Mumbai alone is about INR130,000 crores by 2030. This has been quantified in the Knight Frank report and Rustomjee, without question, is the most preferred and most trusted redevelopment partner in the MMR region.

A pre-operational initiative for us is the deployment of advanced precast construction technology. Let me tell you, we are working on a 360-degree approach, wherein we've even identified that in the future, quality manpower availability will be continuously reducing. And

towards that, Rustomjee took its first step to build a precast plant for its own captive consumption.

We have partnered with Robin Village of Singapore, who are providing us the technical engineering and supervision support for the precast systems that are being implemented. This will allow us to get our quality right and create the kind of product that is being created in Singapore, which probably is a very high-end development and is something that we can all be certain of.

Our major infrastructure and housing developments will continue to increase the pressure on labor and execution capacity. Therefore, by entering into construction in a controlled factory environment, precast will enable better quality, faster execution, superior finishing consistency and mostly reduce the material wastage by almost 30%, lower the workman requirement by 40% by increasing the machine requirement and will have almost 1.5x greater precision and durability. And like I said, with markets like Singapore and Japan already adopting precast construction at scale, we will bring these global best practices into our development.

On the ESG front, we've always been proud of our milestones and with clear targets of 100% green certified portfolio by 2030, we want to say that we are in the top 10 GRESB rating and full transition towards a green certified critical building materials by 2035 is on our charts. We have 22% women participants in the workforce by 2029. Rustomjee Crescent has been recently awarded the IGBC Gold precertification and the Belle Vue Kasara project has been given the IGBC Net Zero Carbon Design Award.

Reflecting our people-first philosophy, we are developing further labor accommodation at Balmoral, Rustomjee Balmoral in Chembur, which will house about 500-plus workers in ventilated rooms following the Apne Ghar model at Rustomjee Urbania. Beyond compliance, the facility ensures safe living, organized cooking, sanitation and life safety features, reinforcing our belief that our workforce deserves to be well taken care of and our productivity, our efficiency, our sustainability and long-term growth depends on them. And we will create greater value for all our stakeholders by taking care of everyone that works with us.

On the financial performance, our revenue from operations in Q4 FY '26 stood at INR1,596 crores and for FY '26 at INR2,635 crores. Our OCF stands at INR715 crores. In this context, I'd like to highlight our transition in the accounting policy from project completion method to percentage of completion, which is the POCM method, a change that will allow all our financial statements to truly and transparently reflect upon the revenue and margins being earned in real time.

This transition, combined with the fact that the legacy low-margin project overhang, which has historically weighed us down is largely behind us now, marks a genuine turning point for us at Keystone Realtors. As our new high-margin pipeline matures and revenue recognition begins to flow through on a progressive basis, our financial performance will increasingly mirror the operational execution strength we have been steadily building over the last 3 years.

Our construction spend has accelerated from INR829 crores in FY '25 to INR997 crores, that's almost INR1,000 crores in FY '26. This reflects our commitment to deliver velocity. As of 31st March '26, our gross debt stood at INR755 crores with a gross debt-to-equity ratio being 0.26:1, which is very comfortably within the guidance.

We ended the year with free cash of about INR818 crores. I'm delighted to share the company's Fed rating like I've already mentioned, by Crisil ratings have awarded us a rating of AA- with a stable outlook. This is a clear market endorsement of our financial profile, our project pipelines, our capital allocation discipline and this is one of the most objective external validation of the journey that we've been on.

To close, I want to say we delivered in FY '24, '25, '26, and we stand here today with complete conviction that we will deliver in FY '27, '28, '29 and reach our target of INR10,000 crores presales by FY '30. At Rustomjee, we have built homes, we have built trust, we have built communities and we have built futures. We intend to keep doing exactly that only this time faster, better and bigger than ever before. The best of Rustomjee is ahead of us. I look forward to sharing this journey with each one of you for the long run. Thank you for your trust, your partnership and your continued confidence in us.

I look forward to your questions now. Thank you.

Moderator: Thank you very much. Our first question comes from the line of Rushabh Shah with BugleRock PMS. Please go ahead.

Rushabh Shah: In Slide number 30, the sold receivables in all the residential categories is significantly lower than the cost to complete. Could you explain me how do you generally go about selling your projects? Which projects do you have higher IRRs, although we have a huge amount of unsold inventory left in all the residential categories?

Boman Irani: Rushabh, thanks for that. I'll let Sajal take this query.

Sajal Gupta: Yes, Rushabh, thank you. I think you will have to appreciate that we have had a huge pipeline of the launches last year. Our launches have been close to about INR10,000 crores. So when we speak of about INR12,000 crores of the unsold goods, which is there, a good portion of that, almost about INR8,000 crores is out of the launches which has been done in the last year.

So fundamentally, number one, that 49% of our inventory is already sold of the entire pack that we have, including the launches of the last year, Number two, that this basically demonstrates - the cost to complete demonstrates basically the cost to complete for the recently launched project, which is in the last year. And with the INR5,000 crores target that we have taken this year of the presales, very soon, basically, we will have a good amount of financial closure coming out of that from the sold receivable out of the presales that we will be doing in this year.

Rushabh Shah: Okay. So the reason for asking this question was that suppose we launch a project in a year, so what type of the sold inventory or let's say, cost to complete would be targeting? Because these are like in the good time, we would get the presales and the sold receivables, in the bad times,

we would -- like how would we defend ourselves because the cost to complete might be more than the sold receivables.

Sajal Gupta:

Yes. So number one, that may I draw your attention to the Slide number 40, which truly reflects our sales philosophy and the pattern of sales that we look at. I think in all our previous interactions, we have been maintaining that we sell about 35% till the time the plinth comes, which is generally the first year of the launch.

During the sustenance, we sell another 40-odd percent taking to 75%. The last 25%, a portion of that we sell while the building is fitted out, that is, let us say, out of 25%, about 15-odd percent, basically 15% to 20% by the time the OC comes and the last 5% to 10% post OC. So this is typically the pattern we follow.

And the right-hand side of this Slide 40, if you look at that whatever we launched in FY 2024, 66% of that has already been sold. When I say already been sold, the status as on March 2026. 2025, whatever we launched, the 49% of that has already been sold. And 2026, since we launched during the whole of the year and when I say that we sell 35% to 40%, it is throughout the year. So typically, we should sell about 15% to 20%. we have already sold 17% thereof in the FY '26 only.

So fundamentally, this is a trajectory we follow. This allows us a steady cash flow. This allows us to make sure that we have basically a coverage towards the cost to complete. And also, this allows us basically in the situation like now when there are inflationary tendencies that we can reprice the unsold goods to cover for the inflation -- input cost inflation. So this is a philosophy largely that we have been following in terms of our sales typically in most of our projects, and this is what we will do.

And if there is any small mismatch during this period, we have the financing lines, the construction finance lines, which are well intact, and that allows us to draw the money for any kind of mismatches or the shortfall at any point of time. Over the last 2 years, our experience is that we are not required to draw on the construction finance lines as much as that we have contracted for given the good amount of our sales.

To answer your question, basically, in case there is any reduction in the sales or there is any change in the situation, which, of course, we don't foresee, then our construction finance lines have that kind of a buffer built in.

Rushabh Shah:

Okay. And sir, my second question was, if you see your PPT Slide number 16, the forthcoming projects has major of premium and emerging premium segment. I just wanted to know is this the segment where we are seeing a major shift happening? And do these segments have the highest return ratios or margins for us as a Keystone as a whole?

Sajal Gupta:

So look, emerging premium, I think we have given the labels also on the Slide 16 itself. The emerging premium starts from INR10 million to INR30 million, INR1 crores to INR3 crores. And largely, our township project in the Thane fits into this emerging premium. And then thereafter, basically INR3 crores to INR7 crores and INR7 crores to INR15 crores.

And you are right, basically, that 94% of our forthcoming pipeline is into the emerging premium to the premium to super premium. But then that only allows us to have the product in all categories. We have a sort of an emerging premium which is INR1 crores to INR3 crores. INR3 crores to INR7 crores is typically the sweet spot. We see the larger chunk of basically the demand. And also basically, these are the projects where there is a good sale and then there is a good demand and traction and the margins are also good. So that is how fundamentally we are present across the price points.

Rushabh Shah: Okay. And sir, my third question is you write in your PPT that the redevelopment is a low investment and a high IRR kind of business. So just wanted to know what are the key risks according to you, you see in the redevelopment business?

Boman Irani: Actually, Rushabh, we were one of the pioneers of redevelopment, and we've been doing redevelopment since the year 2000. If you're asking a general question, what are the risks? Plenty. People don't know what redevelopment is all about, but everybody is getting on this gravy train only because it looks very, very attractive. What are the risks related to Rustomjee?

I think very, very limited because with a 25-year track record of putting together more than 2,500 families in their new homes, I think we are one of those who have made a proper SOP on the entire redevelopment front. And like I mentioned in my presentation that INR130,000 crores opportunity only exists in redevelopment by 2030. And we believe that given the consolidation in the market, which again, I kind of presented that we've moved from 1% to 2%, and we are looking at 5% of the total market size of MMR as it exists today for our company.

So basically, I think we are probably one of the most well poised to take advantage of this entire growth. And in the short term, if you ask me, we're doing extremely well with 5 cluster redevelopments in our portfolio. And with a lot of redevelopments that we are taking nowadays, we are moving towards the larger ones because they allow for us to be able to engage our ability and creativity to a much greater fold.

Moderator: Our next question is from the line of Ronald Siyoni with ICICI Securities.

Ronald Siyoni: Congratulations on good set of numbers. Sir, on the commercial annuity front, what is your aspirations? Like what is the current lease income you are generating? And what kind of income you are targeting over, say, medium to longer term from the -- as you said that you are going to build an annuity portfolio?

Boman Irani: Someone ask me how do you feel? So I told them I'm on top of the world because of all that we have achieved in the past. And if you really look at it, backed up with what we have done in the past and what we have planned for the future where the entire team is aligned, we're talking about becoming a INR10,000 crores presales company. And in that, the stability part, which is where we want to kind of be, our aspiration is to rise to about INR100 crores. I know it's a small number, but INR100 crores to start off with by 2030.

And sorry, Ronald, if I may just add further. See, we don't want to put any kind of pressure on our balance sheet or increase our debt. And commercial, as we all know, is a hugely debt-funded product. So what we want to do, and this is the strategy that we want to engage is that at least as

far as the costs are concerned, we want to kind of recover them from the assets that we develop and then hold on to what it is that would be forming a part of our profit or if we want to keep some equity engaged in it and then holding on to that part of the asset for the longer term. So that's how it's only.

Ronald Siyoni: So you mean to say, the partial would be a sale component and partial would be annuity generating? Or is it like that, that some portion would be a strata sale and some portion would be leased?

Boman Irani: So your first part was absolutely right. Some part we will sell, but slightly different. We want to sell to probably larger funds or larger HNIs, which we will do by actually managing the property. So we want to do some pre-leases and on the basis of which on the back of which we want to go ahead and find a larger investor to be able to hold on to some part of that asset so that when we want to reach it out in the future, we are in a much better position than trying to recover strata sales.

Having said that, would we do strata sales? We are doing some strata sales already in the commercial projects that we have. But going forward, this is the kind of new strategy that we want to undertake. And Sajal wishes to just add.

Sajal Gupta: Yes, like currently, Ronald, these estimates are based on the commercial projects we currently have. At the moment, we have 33Fifteen, which has already been launched last year, which Boman has mentioned that we are doing some or we are doing a strata sale. In addition to that, we have 2 million square feet coming up in Thane in phases of 4.5 lakh square feet basically is expected in the next financial year.

The third project that we have is at the Dhuruwadi, which is in the Prabhadevi. So this INR100 crores estimate we are speaking about is based on the estimate of what we are going to retain into these projects. We are consistently working in terms of augmentation of our pipeline on the commercial side. And these estimates will continue to stand revised as we basically build up the further pipeline.

Ronald Siyoni: Great, sir. And secondly, sir, if you can explain since we have bagged quite 4 to 5 cluster redevelopment projects. So what is the cash outflow vis-a-vis compared to a single redevelopment building and cluster redevelopment? Apart from the time line which it gets to close a cluster redevelopment would be much larger. But in terms of the outflows, so is it the same with respect to individual redevelopment? Or is it some different with respect to cluster redevelopment?

Boman Irani: Thanks for that, Ronald. Basically, fortunately for us, without calling it cluster, we've already done cluster redevelopment. So our seasons was about 200-odd members, 168 to be precise members who are already there along with on consumer society and it was about 15,000 meters. Our Andheri, which is at Elements was about 480 members and about 20,000-plus square meters. So we have already done this. And I think our investment philosophy stays the same. We are talking of 10%, 11%, whatever or thereabouts.

Being the investment, if it's a very large project like the one that GTB is, where it's about 11.5 acres, we have the option of doing it in 2 phases. So then each phase would have an investment and then kind of going forward, equity should not be more than 10% or 11% of the project GDV is the way we've kind of programmed ourselves. And again, we are very selective in the kind of locations as well as the type of projects that we take. And we've been extremely fortunate to identify the right projects and have the ability to acquire them at the right price.

Moderator: Our next question is from the line of Ritwik Sheth from One Up Financial.

Ritwik Sheth: Congratulations on a great set of numbers. Sir, a couple of questions from my end. So firstly, you have presented a very interesting slide in your presentation on the margins front between the legacy projects and the new projects. Sir, just wanted to understand what is the definition of legacy projects here? And how many projects are pending in this bucket?

Sajal Gupta: Yes. Sorry, I think I was on mute when I was speaking. So Ritwik I hope, I'm audible now.

Ritwik Sheth: Yes, you are audible.

Sajal Gupta: So I think legacy projects are typically the projects fundamentally like Crown that we have been mentioning, Virar that we have done basically affordable housing in partnership with the HDFC. HDFC, of course, got the exit in 2020. These are the ones which are legacy. As we have been saying that overhang of the legacy projects is largely over. In the current year, if you look at my revenue bifurcation, 62% of our revenue is coming from the legacy projects and 38% only is coming from the current projects.

In the FY '27, all my legacy projects would have been over and my revenue profile in the FY '27 is expected to be 12% from the legacy and 88% from the current projects. And the current projects, as we have been maintaining, they follow the margin trajectory, wherein 35% gross margins and 20% EBITDA margins after taking out all costs is the kind of a margin profile we expect. So fundamentally, these are the counted ones. There is 1 or 2 projects, but that is going to form part of only 12% of the anticipated revenue in the next year, which will be attributed towards the legacy and 88% will be the current projects.

Ritwik Sheth: Right. So FY '27 will be the last year of these low-margin projects and FY '28 will be all the projects at 35% gross margin and 20% EBITDA?

Sajal Gupta: Yes, much like that. But I will say that it will be, number one, that you are very right that it is - - FY '27 is going to be the last year and that to the insignificant part in the revenue pie. The second part is that after that, I will not say all the projects necessarily have to have the 35% gross margin. It is a blended gross margin. We have always maintained that the projects towards the affordable and midsize are more tending towards 30% and towards the luxury and super premium side, more tend towards the 40%. But the blended margins, you are right in saying that it will be about 35%.

Ritwik Sheth: And just one follow up on this. What is the kind of inventory we have in Crown and other Legacy project?

Sajal Gupta: So Crown my total inventory is about 180 crores means like we are in the last leg and over the next 2 quarters we would have sold basically whatever this last leg of the residual inventory is there. And I am also hoping that this inventory is not going to contribute to the low margins because we will be selling them at the current rates, right? Apart from that we have about 450 crores of the sold receivable in the Crown. So coupled with the sold receivable of 450 crores and about 180 crores of the inventory to be sold by and large over the next 2 quarters, which means the current quarters and over the next 2 quarters, that is by December, we expect almost basically a complete exit from the Crown in terms of the cash flows as well as the sales.

Ritwik Sheth: Sure. And sir, just probing on the margins part further, will this have an impact on the OCF in the future from FY '27 onwards?

Sajal Gupta: So look, FY '27 OCF, we have not got a chance to speak about that as a part of the discussion earlier. We are expecting the OCF in FY '27 close to about INR1,000 crores. Hopefully, it will be a little over INR1,000 crores. So all the OCF -- because last year was a heavy year in terms of our launches, now it is like the virtual cycle. Every year, we are launching, every year, we are basically progressing every year, we are selling and every year, we are collecting and completing.

So this onetime pickup in the launches in FY '25 and FY '26 is over. Now I will say it will be -- the continuous basically throughput and the continuous output. So thereby, basically, the OCF will continue to improve as we go forward. This year, we have generated INR700 crores. Next year, I expect it to be a little over INR1,000 crores, but I would like to guide it at about INR1,000 crores.

Ritwik Sheth: Okay. Sure. And sir, one question on the INR10,000 crores presale target in FY '30, what would be the split between residential and commercial? Would commercial be a significant part?

Sajal Gupta: I think Boman has already mentioned that in the commercial, we will be selling about, let us say, 60-odd percent or 65-odd percent to meet the cost of developing a commercial. So fundamentally, if you look at the total GDV of the commercial in my forthcoming pipeline and in my ongoing pipeline, let us say that on the ongoing pipeline, the total unsold is about INR835 crores -- and on the forthcoming side, it is INR6,500 crores, right? So it is roughly about INR7,500 crores.

I will say that this forthcoming, we may not be launching everything over the next 4 years. We may be assuming that we will be launching half of it over the next 4 years, it is about INR4,000 crores that we are looking at over the next 4 years. So roughly about 80% of that, about INR3,000-odd crores basically over -- about INR1,000 crores, you can take on an average basically is a contribution coming from the commercial as it matures basically in terms of both Thane and Dhuruvadi and 33Fifteen to be launched fully further.

Moderator: Sorry to interrupt, we request you to please rejoin the queue if you have any further questions. Thank you. Our next question is from the line of Sourabh Gilda with JM Financial.

Sourabh Gilda: I just have one question on Slide 48. The emerging and mass premium segment have significantly lower margins in the sold bucket compared to what they're expected to achieve in

the unsold inventory. So can you please explain this gap? And since these products have close to INR30 billion revenue recognition, do you think this can still act as a drag for P&L performance?

Sajal Gupta: I think you are referring to the Slide number 47. Am I right?

Sourabh Gilda: Yes.

Sajal Gupta: And I'm sorry, you said that which segment basically that you had?

Sourabh Gilda: Emerging and mass.

Sajal Gupta: Emerging and mass premium, basically, we are saying that we have a 10% EBITDA on the sold side and 13% on the mass market side. Emerging premium, as I told you that it's largely reflective of the Thane township that we have. And the mass market is a combination of what we are doing at Dombivli as well as what we are doing at Virar.

I think in our previous interaction, we told that Virar, we have signed up the JDAs with the fellow developers over there by virtue of which we have got certain amount of the onetime deposit and the revenue share ranging from 25% to 30%. It has just started. Just like this year, the contribution of the revenue share from the Virar JDAs is very insignificant.

But as we progress, out of the INR6.2 billion, that is INR620 crores, about INR200 crores basically is coming out of the Virar JDS, and that contributes about 60% EBITDA because fundamentally, my cost is only the approval cost. And that helps me to take the margins from the 13% up to 29%.

On Thane side, I think the contribution on the sold receivable is more from the inventory, which has been sold closer to the launch. And as basically we are progressing, we expect basically pricing to readjust to the market reality and thereby allowing us to realize the better margins from the unsold inventory. And that is what explains basically the higher margins coming out of the unsold inventory.

Moderator: Our next question is from the line of Akash Gupta from Nomura.

Akash Gupta: Sir, my first question is from the residential demand perspective with ongoing the crisis in the Middle East. Are you seeing any changes in footfalls or conversions? That's my first question. What's your thought on that?

Boman Irani: So Akash, I can only rely on what has happened so far. And going forward, we are all discovering. So our last quarter, like we mentioned, was a INR1,346 crores, the highest presales that we've done in a quarter. And obviously, the last quarter of the year, if you see cyclical nature of our business, the last quarter is always the best. And then the first quarter always peters off and it generally becomes a lot slower.

Yes, we do see that there's a lot more push right now that needs to be done, especially in the segments where you have the INR1 crores to INR3 crores homes. But having said that, we've not seen any slowdown in the premium and luxury. We are also seeing a good enough interest

and the pipeline seems to be robust for, let's say, buyers to come and visit and see the site. Obviously, the buying decisions could take a little longer. Like I told you in the first quarter of the year, we've always seen that happen.

Akash Gupta:

Understood. My second question is your presence in the super luxury redevelopment space. So in the last quarter, I think Oberoi closed 3 redevelopment deals in [45:01 – not clear Nepean Sea Road], Malabar Hill, et cetera. And I see your forthcoming projects, I don't think I see any super luxury presence. So what's your thought there? How are we going to expand our presence there? So just wanted to know your thoughts on that.

Boman Irani:

So without giving names, I can tell you that because the DA is still under finalization or under signing, I would not like to give names, but just tell you that we are very active in the super premium, whether that be in the city, whether that be in Bandra, whether it be in Worli. So we are definitely there. And we believe that of the 5 names that are known to do, I would say, high-end developments in Mumbai, we are definitely one of those that is sought after.

And I think closer to quarter 3 of this year, you'll hear from us a little more. And by the way, in our ongoing, we have plenty of them, Akash. We have Cliff, we have Bandstand, we have Panorama, we have Crescent. All these range from, I would say, INR8 crores to INR10 crores going all the way up to INR150 crores also.

Moderator:

Our next question is from the line of Pritesh Chheda from Lucky.

Pritesh Chheda:

On the Slide 36, your comments in terms of the collection efficiency, how should we look at it because it's deteriorating every year?

Sajal Gupta:

One way is to look at that it is deteriorating. The other way to look at it is that we are launching well, just like -- and you know that as the composition of the newly launched products in the overall pie of presales is higher, the collection efficiency may look lower. Last year, we have launched about INR9,800 crores. The year before that, we launched about INR5,000 crores.

And the year before we launched INR3,400 crores. So fundamentally, year before last, we grew at 70%. Last year, we have grown about 100% -- so as basically the launch pipeline is increasing, the larger share of the presales coming from the newly launched products, the collection efficiency appears to be low. But believe me that we are able to collect well. Most of the projects, basically, our collection efficiency is good.

I think I tried to explain through the other chart also how the presales trajectory and so is the collection. My expectation is that from this year onwards, the collection efficiency should be in the range of 75% to 80%.

Pritesh Chheda:

It's because your launch number becomes flat. That's why, right?

Sajal Gupta:

No, it is not small. Even this year also, I think the guidance Mr. Irani has given is INR8,000 crores.

- Pritesh Chheda:** It's flatter number, right? So you had about INR8000 crores to INR9000 crores last year. We have a similar number this year.
- Sajal Gupta:** Yes. Last year, there was a one-off bigger number in the launches. We launched the Bandstand, which was INR3,100 crores. And that was one of the reasons that trended up the number to INR9,800 crores. But this year, INR8,000 crores means like ex Bandstand, we are still growing.
- Pritesh Chheda:** And how should we look at the peak net debt number?
- Sajal Gupta:** I think the net debt, historically now for the last 3 years, we have been in a negative territory means that we are the net cash company. Obviously, the debt will grow as we launch more projects and as they mature, basically, there will be more disbursements coming from the construction finance lines that we have tied up. But having said that, we have always guided that -- earlier we used to guide that our debt-to-equity ratio will be 1:1. And then we have further raised the bar for ourselves, and we have been saying that we will be now 0.75:1. My expectation is that we will be well within the guidance that we have been giving.
- Pritesh Chheda:** Can you share a peak debt number at least for 2 years?
- Sajal Gupta:** Peak debt number, I can tell you is like just keep the commercial part aside. It should not close about INR1,300 crores, INR1,400 crores as far as FY '27 is concerned. And FY '28, I will speak to you more towards the beginning of the FY '28 rather than now.
- Pritesh Chheda:** This INR1,300 crores is net debt or gross debt number?
- Sajal Gupta:** Gross debt. Everything I speak is on the gross debt basis, basically.
- Pritesh Chheda:** So basically versus INR800 crores, INR1,300 crores?
- Sajal Gupta:** Yes, INR726 crores going to about INR1,300 crores to INR1,400 crores.
- Moderator:** Our next question is from the line of Rishith Shah from Axis Capital.
- Rishith Shah:** So I wanted your thoughts on the business development. So for the incremental BD that we are targeting, any segmental preference as to you are looking more at luxury or premium or rather a mix of mid aspiration -- mid affordable as well? And relating to the same, with your INR10,000 crores target that you have, how do you see the mix developing? And how does it affect our margin outlook?
- Boman Irani:** So let me just go back to what I said earlier. To achieve the INR10,000 crores, which is a 4-year target from now 2030, we will have to do 3 or 4 things. One is be a scale multiplier by improving the redevelopment in the clusters, which is the larger developments that we do because those will allow us to kind of build and generate more from one single location. At the same point of time, also improve the number of type of projects that we have. So senior living could be added on, plotted developments will increase.
- Velocity multiplier will happen as we enter various other towns or cities, right? Because today, we do a run rate of about INR1,000 crores from one township development. Imagine us having

a township in 3 or 4 different locations, which may or may not have the same value, but even if they do manage to do INR600 crores, INR700 crores presale in each or thereabouts, we'll be touching about INR2,000 crores from them.

And then, of course, stability multiplier, which is more related to commercial, et cetera, leasing assets which we already mentioned. We, on our BD usually have a fair mix of what it is that we target. And like I said, the premium and luxury is something definitely that we continuously keep working towards.

But a very large part of our BD continues to be in the INR1 crore to INR3 crores or INR1 crore to INR4 crores kind of segment price because that is the largest part of the market that is continually on an upswing and also allows developers to go ahead and make money, unlike affordable, which is probably the largest, but we do not see much happening on that front till such time as the government comes up with a reasonable ability to allow developers to make money out of doing affordable housing. So we will not focus over there.

Rishith Shah: Fair. And secondly, on the sales or the pieces that we have done this year, if you can just give me a mix of how much was from new launches and how much was from sustenance?

Sajal Gupta: So out of the total sales of INR4,022 crores, INR1,620 crores is from the new launches and the balance INR2,400 crores is from the pre-existing pipeline that we had at the start of the year.

Moderator: Our next question is from the line of Krish Bhatia from Anand Rathi.

Krish Bhatia: The potential volatility in crude and commodity prices, are you seeing any early signs of pressure on input cost, steel, aluminum, glass? And how much of the current and forthcoming project pipeline has cost efficient production guidance?

Boman Irani: So Krish, what an amazing question. Yes. So obviously, given the present situation, there are 2 things that are happening. One is, obviously, costs are going up in terms of the material supply, but there's also a shortage, if I may say, of availability of materials, right? So anything that we are reliant upon internationally other than, of course, oil and gas, etcetera, are also creating huge amount of delays.

And if the dollar continues to spike, then that will be a further increase in the cost. Fortunately, for us at Rustomjee, our strategy of selling about 35% of the stock in the first year and then about 40% of the stock as the project continues, allows a good amount of shock absorbing with regards to the increase in costs.

If you ask me what the cost increase today are, they are roughly in the region of about 8% to 13%, but not overall, 8% to 13% in certain items, et cetera, which leads to an overall cost increase of about 5%. But we are well insulated because we have -- as you can see from our unsold already launched stock, we will continue to keep selling and this will allow us to absorb whatever increase in costs take place.

Moderator: Our next question comes from the line of Rajakumar Vaidyanathan from RK Invest.

Rajakumar V.: Sir, just a couple of questions. So first one, you mentioned that you're pivoting to percentage of completion method. Is it effective financial year '27 or you have already done it in Q4?

Sajal Gupta: Rajakumar, we have adopted the percentage of completion method for accounting the revenue from 1/4/2025. And I will tell you the transition plan, how we adopted it. As on 1/4/2025, there were ongoing projects. All those ongoing projects at that point of time or majority of the ongoing projects that we were having at that point of time, we continued with the completion method. And all the projects which were launched, let us say, in the last 6 months or so and all the subsequent launches, we have adopted the percentage of completion method.

By virtue of this, this year revenue of INR2,600 crores, 80% of the revenue has been accounted for by the CCM method, that is the completion method and only 20% has come from the percentage of completion. In the FY '27, this ratio will reverse, in the sense that the 80% will become basically 40%, only 40% will come from the residual completion method and the 60% of our revenue in the FY '27 will be coming from the percentage of completion. And from the FY '28 onwards, 100% of the revenue will be in the percentage of completion method. I would have completed the full transition.

Rajakumar V.: Okay. Got it, sir. Sir, and how much acceleration will happen in terms of your sales because of this change?

Sajal Gupta: Look, acceleration, you may not be able to see a significant acceleration. There could be some acceleration because you have to also appreciate and understand that in the completion method, I am getting a onetime pickup in the revenue in the year of completion. Like in this year, basically, under the completion method, basically, I have got a onetime basically revenue recognition of almost about basically INR2,000 crores. So acceleration will start basically from -- maybe little acceleration next year. But fundamentally, the acceleration in the revenue will start from FY '28 onwards.

Rajakumar V.: Okay. Got it, sir. Sir, the second question is, you mentioned you are targeting 20% EBITDA from the new projects. So I just want to know how much of this -- I mean, what would be your kind of guidance on your ROCE and underwritten of equity for FY '27 and '28?

Sajal Gupta: We will provide that. We may like -- at this point of time, we have not basically come up with a number to guide on. We have given a guidance on the margins. We have given a guidance on the revenue. But on the ROE, ROCE, we will basically guide on. At the moment, we have not been guiding on this.

Rajakumar V.: Okay. And sir, can you guide on the finance cost? This current quarter, you had a INR33 crores finance cost. So what would be your guidance for FY '27?

Sajal Gupta: So look, my current debt, that is INR755 crores. I am saying that at peak, basically at the end of the year, it will go to INR1,400 crores. So if you take on an average, basically for the whole year, it is about INR1,000 crores. And taking the average cost of debt at about 9.5% for the whole year, it should be about INR95 crores, that will be the sort of mathematics.

Moderator: Our next question is a follow-up from Ritwik Sheth from One Up Financial.

- Ritwik Sheth:** Sir, just one question. Sir, how is the response for the Bandstand project, Bandstand Cama?
- Boman Irani:** It has been very good. Wait for the operational results of the quarter. So as it happens, that's a very exclusive project, Ritwik. We have only 27 apartments of which we are almost about, I would say, close to 30% sold.
- Ritwik Sheth:** Out of the -- okay, 30% of the GDV is sold already?
- Boman Irani:** I would like to say more or less, yes.
- Moderator:** We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.
- Boman Irani:** Thank you, everyone. You've been with us on this journey, and we look forward to many more exciting growing times in the future. Thank you for all the trust and faith you have in us. You can count on us on a continual basis to keep working towards making all our dreams come true. Once again, thank you. Have a lovely evening. Bye-bye.
- Moderator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.