

Ajmera Realty & Infra India Limited



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Sub: Transcript of the Earnings Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Transcript of Earnings Call held on August 9, 2022 on the unaudited Financial Results (Standalone and Consolidate) of the Company for the First Quarter ended June 30, 2022.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For AJMERA REALTY & INFRA INDIA LIMITED

**VINIT TANNA
COMPANY SECRETARY & COMPLIANCE OFFICER
A50504**

Encl.: As above

Ajmera Realty & Infra India Limited
Q1 FY23 Earnings Conference Call
August 9, 2022

Moderator: Ladies and gentlemen, good afternoon and welcome to Ajmera Realty & Infra India Limited Q1 FY23 Earnings Conference Call. We have with us today, Mr. Dhaval Ajmera, the Director of the company, and Mr. Nitin Bavisi, the Chief Financial Officer. As a reminder, all the participant lines will be in the listen-only mode and one can ask questions only after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing *, then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Bavisi, the Chief Financial Officer, Ajmera Realty & Infra India Limited. Thank you and over to you, sir.

Nitin Bavisi: Thank you, gentlemen. Good afternoon, everyone. Thank you for joining us for Ajmera Realty & Infra India Limited First Quarter FY23 conference call. I hope all of you, your families, and your loved ones are safe and in good health. We will begin the call with opening remarks on business and financial highlights from the management followed by the Q&A session. Before we begin, I would like to state that some of the statements in today's discussion may be forward-looking in nature reflecting our future outlook and they involve certain risks and uncertainties the company may face. The investor presentation and the press release based on the financial results adopted by the board have been uploaded on the Stock Exchange website and can also be downloaded from the website of the company. I would like to now invite our Director, Mr. Dhaval Ajmera to begin the proceedings of this call. Over to Mr. Ajmera.

Dhaval Ajmera: Thank you Mr. Bavisi. Good afternoon, everyone. Hope everyone is safe and sound. On behalf of Ajmera Realty, I would like to welcome you to this earnings call for the first quarter of FY23. I will be discussing the highlights of this quarter, followed by financial performance highlights from our CFO and then we look forward to taking up questions and answers and any suggestions from your end. So, let me begin by giving you the real estate outlook, which we have seen over the last quarter. We are experiencing since last quarter, tremendous geopolitical scenarios happening and a lot of changes in terms of the US economic slowdown, Europe having some issues, and Russia Ukraine conflict. Having said that, what we observed and what we saw was that real estate in India has seen a resilient performance, and it has always been up the ante, even while all these uncertainties were going on. The economies of the world are facing tough challenges like supply chain disruption, logistic bottlenecks, and upward pressure on commodity prices. The structural reforms undertaken by the government, strong fundamentals, and dynamic policy formulation have helped the Indian economy maintain consistent improvement in macroeconomic performances as compared to other

economies. The synergy of first-time homebuyers, pent-up demand, preferences for larger homes and second homes, easing of mobility restrictions, and improved appetite for spending has resulted in improved sentiments towards real estate. Although over the last one quarter we saw that the interest rates have increased in terms of home loans, there was a bit of resistance here and there, but overall, we still saw a good demand coming up. With the work-from-home culture slowly coming down, we are seeing great demand in commercial real estate also, which is coming back on track and we have been hearing news about the great demand and buy-ups happening in commercial offices in and around Mumbai and other places, looking at owned offices and flexible working spaces. So, these both are really looking and doing well.

Coming to Ajmera Realty, I would like to highlight some important developments that happened since the beginning of FY23. Firstly, and foremost, our marquee project Ajmera Manhattan in Wadala in the suburbs of Mumbai, we had a very successful launch, which is our main project. We are very proud that today Ajmera Manhattan brings a complete; when we started off this name, we made up a theme of New York-based lifestyle, and New York-based culture which we wanted to bring to the city of Mumbai, and that we successfully have done and we have seen a great response coming for this kind of a project. Manhattan is a ~5,00,000 square feet of carpet area project, which is of 2 towers, with an overall sales value of about Rs. 1,400 to 1,500 crores. With this we have seen that the work also has started in a very robust manner, where we have already completed the excavation of one of the towers and the foundation work of one of the towers is almost done as we speak today. It is also significant to know that 25% of the inventory is already sold as of June 2022.

Our mid-stage project Greenfinity which is self-funded, and Sikova our boutique commercial office has sold ~60% off its inventory. Both these projects are set to complete in FY23. Our residential development Codenamed Juhu in Mumbai has been recently demolished and I am glad to announce that as we speak today, we have received the commencement certificate and we have already applied for RERA. Very soon we should be announcing the sale but we have already started construction because we have got the permissions.

Finally, coming to the much-awaited acquisition of Codename Ghatkopar where the land is now completely acquired from Tata Communications through our 100% subsidiary, and the plan is to construct a nice residential tower with a potential of about 95,000 square feet which will generate a revenue of about Rs. 250 crores in the next three years.

Having said that, we have maintained a robust launch momentum from Ajmera Manhattan, which we launched in April, and looking at our acquisition plans, which is successfully acquired and now in the process of launching to sell Ghatkopar and Juhu, which is expected to generate about Rs. 400 crores of topline. So, this shows we are moving in the right track and as we have discussed earlier, we are on our track to launch the projects which we have planned over the next two years. In this we should see an addition from whatever we are launching, we have another ~11.8 million square feet of land bank carpet area, FSI available from our existing land

bank. We are also aggressively looking at inorganic growth opportunities within our company through our low CAPEX acquisitions like JV/JDA/DAmodels, where a lot of active discussions are happening and we should be hopeful to close a few soon.

This brings me to end our business highlights where I would like to thank all our stakeholders at Ajmera Realty to help us achieve our 5x growth plan, we are moving towards that and with our recent launches and the new upcoming ones, we are very sure that we should be achieving our 5x growth plan very soon. I would request Mr. Nitin Bavisi to please take you through the financial performance of FY23 and this quarter. Thank you.

Nitin Bavisi:

Thank you Mr. Ajmera. I will take you through the operational and financial performance for the first quarter of FY23. Ajmera Realty opened the financial year with a very high performance and expects to further accelerate as we move on.

We achieved sales value of Rs. 400 crores, recording an exponential growth of 261% on a YoY basis, and about 2.3x on a QoQ basis, mainly on account of Manhattan presales which is about Rs. 354 crores in the first quarter of launch. It is significant to note that it is comparable to the entire annual sales of FY22 which is about Rs. 431 crores. We witnessed impressive growth in sales volume and collection too. Sales volume is about 1,57,000 square feet, which is 155% on a YoY basis and 130% on a QoQ basis. We recorded collections at about Rs. 210 crores, which is an impressive growth of 93% on YoY and 126% on a QoQ basis. The realization has improved to Rs. 25,411 per carpet area, which showcases an upward trend due to the high velocity of Mumbai projects. I am pleased to share that we have achieved these growth numbers despite headwinds from the higher input costs, upward revision of the repo rate, and other economic challenges. This strong performance was a result of successful project launches and good traction in our existing project on the sales and execution side.

Coming to financial performance for the first quarter, our revenue stood at Rs. 55 crores and EBITDA at Rs. 18 crores, and EBITDA margin at 33%. PBT at Rs. 15 crores and PBT margin at 28%. PAT at Rs. 12 crores and PAT margin stood at 21%. The revenue of Rs. 55 crores includes the first-time revenue recognized under the POCM method for the part sales value of completion visibility on account of the Greenfinity Project. We maintained our normalized margins at about 9.3% despite the inflationary pressures, on the PAT basis.

Coming to debt, we further reduce our debt by Rs. 25 crore in Q1 FY23 due to traction in sales and collections. All our advanced state projects have been deleveraged with no outstanding project debt. The weighted average cost of debt inched up by 40 basis points to around 11.6% as of June 30, 2022. Our debt-equity ratio stood at 1.12x of net worth as of June 30, 2022, compared to 1.17x as of March 31, 2022.

We have strong visibility of around Rs. 709 crores from our existing portfolio. From our advanced stage projects, we have balanced revenue from the sold inventory which is about

minuscule Rs. 13 crores, and the balance unsold inventory revenue is about Rs. 155 crores. From our mid stage projects, the balance sold and unsold inventory revenue is Rs. 169 crores and Rs. 372 crores respectively. Front-ended costs payments which we made under the concessional scheme, as of December 31, 2022, for the Manhattan and Juhu projects is really helping us to further accelerate this particular revenue recognition process as we move on.

We further estimate total potential revenue of about Rs. 2,100 crores from our launches in the pipeline during the next two years with an estimated carpet area of a million square feet. Our total revenue from the existing and recently launched projects is about Rs. 700 crores and Rs. 1,500 crores respectively; Rs. 1500 crores I refer to Manhattan Project, bringing the total revenue potential of about Rs. 4,300 crores. We are confident in delivering strong performance in the coming quarters along with a robust pipeline of quality projects in execution and as well on the launch, which will further help us on our 5X growth, of course with inorganic initiatives as, Mr. Dhaval Ajmera mentioned.

On this note, I would like to conclude my remarks and now we are open for the Q&A session and as well for your suggestions. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will wait for a moment while the queue assembles. The first question is from the line of Rahul Talwar from LKP Securities. Please go ahead.

Rahul Talwar: Sir I had a couple of questions. So, my first question was on the total revenue it has significantly declined both as compared to the quarter as well as YoY. Similarly the EBITDA as well. Is there a specific reason for this?

Nitin Bavisi: Let me tell you this particular quarter has the contribution from two ongoing projects, Sikova and Greenfinity which are at the advanced stage of completion and these are the two projects which have contributed, because as you know that all the advanced stage projects of the Aeon, Zeon, and Treon recognized significantly on completion in the last financial year, and we have further launches and which is where the sales book has been generated, those revenue is going to be accounted as well as for the threshold limit achieved in the coming quarters. So, Sikova and Greenfinity projects have contributed to this top Rs. 55 crores of the top line and that too with a one time or the first-time recognition of about seven crore revenue recognized for the sale value of the Greenfinity project which is having now completion visibility so that one is also now recognized.

Rahul Talwar: Sir my next question would be on the expectations was the margin. So, are there any specific expectations you have set for, let us say FY23, and will they remain the same, or are expecting more improvement on the same?

Nitin Bavisi: Overall the inflationary pressure is going to definitely put us or for that matter any industry player on the margin pressure side, but the kind of sales which we have generated and the number and nature of projects, the composition of the price point of the projects in which we are launching and the kind of Manhattan Project say as an example, where we have sold about 25% of the inventory. So, those kinds of initiatives and the project launches will definitely help us to further accelerate the margin momentum also.

Rahul Talwar: Sir, my last question would be related to the market. So, with many bigger real estate players entering Mumbai specifically, how do we see the real estate competitive landscape and how will Ajmera differentiate itself from its peers?

Dhaval Ajmera: Today real estate has become, with the invention of RERA coming in and we personally see that real estate is going to become more significant to those players, who have been in this business over a longer time, who have delivered projects, and who have sustained probably a lot of recessionary cycles up and down over the last couple of decades. We at Ajmera's have been in this business over the last 53 years. Secondly, preference also comes to players, developers who are listed that also gives us a tick in a box to us that we are listed today and thirdly, with so much experience, and so many deliveries along with the listing, I think this all becomes as a priority for the preferences of a buyers to invest their money and that can be clearly seen with the kind of launches, which we did and the results which we have got because clearly to buy, do a sales of Rs. 300 plus crores in just two months' time is something which we see in a particular micro market and not overall so, that itself shows the confidence the market has with Ajmera.

Nitin Bavisi: Just to add on the operationally like the case study of Wadala where we have all the offerings to the market, a mid-market project like Greenfinity at an advanced stage of completion, the just-launched project, which is the compact luxury offering in Ajmera Manhattan, and the ready to move in inventory which is available inventory left out in the Treon. So, such kinds of offerings may be looking very optic to the market, but it is really a business case for us. So, that is how we try and see kind of the number kind of convergence, which we have seen in the sales velocity of Manhattan.

Rahul Talwar: Thank you so much for answering my question. Sir, I will get back in the queue. Thank you so much and all the best.

Moderator: Thank you. Our next question is from the line of Jeevan from Sahasrar Capital. Please go ahead.

Jeevan: Yes, so you are saying that Greenfinity and Sikova have actually contributed to this particular remaining. So, can we assume that these two projects are having EBITDA of 35%?

Nitin Bavisi: No doubt Greenfinity project, although it is a self-funded, however, it is an affordable product, so it will have the EBITDA or the project level margin of about 20% kind of thing and as well as

the Sikova being the boutique office space kind of thing. So, both the projects will have a margin of around 20%.

Jeevan: But this time we have given 30% EBITDA.

Nitin Bavisi: So, that is what I clarified this time, the first time revenue recognition has happened, which is about Rs. 7 crores in the overall Rs. 55 crores topline from the sales value on the Greenfinity project, and that has really contributed to the top line, as well as the EBITDA and the PAT also. But our normalized PAT margin is about 10% as we have clarified and as well in the investor presentation.

Jeevan: Which are other projects which we are basically which you think will contribute to the P&L this year, FY23?

Nitin Bavisi: So, that is more of how the threshold is going to be achieved but having a velocity of sales for the Manhattan we are very hopeful because of the front-ended approval cost already paid off in the December quarter and on the execution side also we have spent a significant amount. So, we are hopeful that in FY23 we are having that threshold achieved and we should be recognizing numbers on account of the Manhattan sales.

Jeevan: What is the threshold?

Nitin Bavisi: 25%

Jeevan: 25%, thanks a lot.

Moderator: Thank you. The next question is on the line of Ritesh Kamdar as a shareholder. Please go ahead.

Ritesh Kamdar: Can you please brief on your Bahrain and London projects as to how they are progressing in terms of sales and what would be the value that is expected to be realized in the near future?

Dhaval Ajmera: So, as we have said earlier Bahrain project has already been sold to someone else and we are no more developing the project. As a part of our value consideration and the floor land consideration, we are going to get the area against it, which is due to us and we are getting about 10,000 odd square meters of area from that which is in today's market terms which will be roughly about Rs. 200 plus crores, which we should be expecting to get. The project currently over there is under RCC completion which is that the superstructure almost getting completed and we should be expecting that to come very soon now the finishing work and that is going on. So, that is regarding Bahrain. Regarding London, our projects have now been completed and they are under sale, already some projects have been sold. There is a time gap between the sale finalization and sale closure, which is where the period is currently and we are expecting to have money coming in the tune of about Rs. 80 crores over this financial year.

Ritesh Kamdar: Okay, thank you update on your demerger this is pending for so long, right.?

Nitin Bavisi: Yeah, so the last couple of dates, the final petition was to come on the board and was to be taken up for the final NCLT approval, matter could not come on the board because of the heavy pressure on the queue. So, we are also very eagerly waiting for the petition because there is hardly anything, it is a plain vanilla demerger scheme. So, we are hopeful that anytime NCLT blessings can come once the hearing comes on the board.

Ritesh Kamdar: Thank you.

Moderator: Thank you. We have the next question from the line of Raj Shah from RS Investments, please go ahead.

Raj Shah: Thanks for the opportunity, I have some questions. So, if you can just share some details related to the Pantnagar land acquisition and when we can see the projects or any work to get commenced?

Dhaval Ajmera: So, Pantnagar as we said is a land which we have acquired from Tata Communications. The land was leased by MHADA. It is the MHADA-owned land and have taken the rights of Tata communications and now we are under development. We have already applied as we speak, we are already on the verge of just applying for permissions. Hopefully, in the next three to four months' time, we should be able to get those permissions and we should start construction on the same immediately. So, our target is by year-end but maybe some one or two months here and there but hopefully, by then we should be able to commence work.

Raj Shah: And what are the projects that will be planned there?

Dhaval Ajmera: So, it is a residential project comprising of 2,3 & 4 bedroom apartments.

Raj Shah: Okay. The total size of the project?

Dhaval Ajmera: So, the total size is 95000 square feet of carpet area, which we are selling roughly and you want to know the individual flat sizes or just the overall size.

Raj Shah: No overall size and what will be the realization that we will be targeting?

Dhaval Ajmera: So, our target is around Rs. 25,000 to 27,000 per square feet of carpet area, so, which is about Rs. 250 odd crores plus.

Raj Shah: Okay, okay, thanks for that update, and we put a decent growth in this operation numbers. So, can we expect the sustainability to continue for the coming quarters?

Dhaval Ajmera: Well, this quarter was one of our best ones because we had a great launch run-in for Manhattan however, our endeavor is to see while we may not have the same kind of numbers coming every quarter on quarter, we are looking with Manhattan and now going under sustenance phase, we have our existing projects in Bangalore, Pune and in Greenfinity and Sikova which is now coming towards the end of its completion. So, we will be looking at great numbers coming from all these projects and even Bangalore project Nucleus is under completion. So, all those put together, we will see a good number coming in, however, it is not going to be as every time every quarter being the same kind of a number coming, but definitely, with our existing projects and new projects like Ghatkopar and Juhu, we are looking at a great top line in this entire year.

Raj Shah: Okay, my last question is still pending, I will be joining the queue if you can share some details on business development opportunities.

Dhaval Ajmera: So, as far as business development opportunity is concerned, we are on a constant move to look at some projects, which are under JV/JDA model, and also a lot of discussions are going on under society redevelopment because that is something which has been become our knack and we are looking at some successes coming in our way very soon. So, these are the kinds of models where we are looking at. Also, some stressed projects coming in from some financial institutions where we are under discussion, hopefully, we are looking at clicking a few. So, looking at three opportunities, something like stressed project, something like JV/JDA and the third avenue is the redevelopment. So, all aspects are where we are under discussion and talk and we are hopeful to click a few in the coming months.

Raj Shah: Okay, so, effectively we can see like these new initiatives coming through in Q2 or Q3?

Dhaval Ajmera: Well, we never know when this lineup but hopefully between Q3 and Q4 we should.

Raj Shah: Okay. Thanks for the detailed answer. Thanks a lot and I wish you all the best.

Moderator: Thank you. The next question is from the line of Vipin Taneja as an individual investor. Please go ahead.

Vipin Taneja: Just one thing you have written an annual report regarding 5x growth is it on the few things have been mentioned Rs. 4,300 crores accrue the revenue of Rs. 4,300 crores. Is it the pre-sales of Rs. 4,300 crores in the next two years or the revenue which will be recognized will be Rs. 4,300 crores?

Nitin Bavisi: Rs. 4,300 crores is the summation of the balance revenue from the existing project and as well as the sales value of the to-be-launched and fully to-be sold projects kind of a thing. So, this Rs. 4,300 crores is the revenue number.

Vipin Taneja: Is the revenue that will be booked in the P&L account or the presale numbers?

Nitin Bavisi: As I clarified it is Rs. 4,300 crores which is going to be the revenue number going to be booked into the P&L account.

Vipin Taneja: Yes, and how many square feet will be selling in the next two years, sir?

Nitin Bavisi: So, as you have seen our launch pipeline like we have the existing projects' inventory available, and we have about a million square feet which is available to be launched within about four to six quarters. So, both these put together with definitely as we have launched the Manhattan Project and we could sell about 25% about 1,25,000 square feet and in the quarter 1,57,000 square feet on the carpet area basis. So, particularly with existing projects, advanced projects, and ready-to-move-in inventory like the Nucleus Commercial, Nucleus A & B wings, the Greenfinity, and Sikova which are in the advanced stage of completion, the inventory is available, and the launch pipeline, which is the Ghatkopar, and Juhu. These are the few projects and the opportunities; we are very confident to clock the good numbers going forward as well.

Vipin Taneja: In the last few years, last year we did a five lakh square feet kind of a pre-sales, the last financial year we did like three and a half lakh. So, with this strong brand name and now we are going to Pune, Bangalore, and Bombay micro markets, MMR region as well. So, will we be in that kind of a pipeline will be having per year, 2 million square feet of presales, so can we see that forward 2-3 years down the line as we become aggressive?

Dhaval Ajmera: Our endeavor is to reach over there and that is where if you see our entire plan when we look at 5x growth plan is with 2.9 million square feet of projects, so which we are looking to recognize or develop over the next 4 to 5 years. With new projects coming in and new tie-ups coming in definitely we will be able to reach but whether it is 2 million, or one and a half million, or 1 million, that is where our endeavor is to definitely move on 5x from what we are. So, we wish to reach there and that is where we will target to go.

Vipin Taneja: So, sir is the focus more on the affordable segment or the basket of it, or do we by the end of the day, we target the per square feet realization on the PBT level how do we take a call on a project?

Dhaval Ajmera: We at Ajmera's are developing projects from probably, Rs. 20 lakhs to Rs. 10 crores. So, it is all brackets. It is not that we probably focus on mid-segment or high-end or low-end or affordable but it depends on every project requirement and project velocity, that is where we look at. Our way of selecting a project is primarily based on its location, its significance, which adds value to our company, and also obviously most important is the bottom line and the return basis on our capital. So, there are certain thresholds that we look at and that is where if those tick in the box we probably select the project.

Vipin Taneja: Perfect sir. So, with our trends of Mumbai, how can we replicate that in Bangalore and Pune, because those are new markets for us, and is the brand Ajmera replicable to Bangalore as well?

Dhaval Ajmera: So, obviously, our business started from Mumbai, and we are very much recognized and known as a developer in Mumbai, but having said that, Bangalore also has been setting foot on operations over the last 10 to 15 years and we are, have done and delivered more than about 3 million square feet in Bangalore. So, we may not be, doing very-very great in large projects, but we continue to do our operations of half a million square feet or probably 7,00,000 square feet, which currently our two projects are that is Nucleus and Lugaano, Florenza and all of that. So, that's where we tend to continue doing it and we feel that you know, that kind of velocity helps in our sustainable growth in micro markets like Bangalore, however, we are open for bigger or better projects coming our way, but we continue to run our operations in this odd manner.

Vipin Taneja: And sir your recent announcement on redevelopment as well in the annual report. You have mentioned about the redevelopment project in the annual report. So, in the redevelopment, sir what exactly are your thoughts because not everybody is successful in this model. So, what kind of segment are we targeting in redevelopment sir?

Dhaval Ajmera: So, as I said, today any development or any buyer or a customer, be it the tenant, be it the society, be it a new buyer. They have more preference towards developers who have been in this business since long who have delivered and who are primarily also, let's say, they are listed, it ticks their boxes more, and they get better comfort because of the transparency, their efficiency, and their openness to be for whatever businesses they are doing. So, we at Ajmera believe in a lot in transparency and being very open-minded and that's where we are looking at a good amount of new redevelopment projects coming our way and that is where we see that last year with the kind of government support, which was there in terms of reduction in premiums, which were there that helped us grab this opportunity of Juhu redevelopment and that is how we are now looking at a few and hopeful to see things should materialize going forward.

Vipin Taneja: Is there more clarity of land title in redevelopment?

Dhaval Ajmera: Yeah, because primarily all these land titles are more or less clear because they are at least 30, 40, 50 years old building, society has been done. Wherever we go hopefully, obviously, we check but the title issues are minimal as compared to probably looking at the land outside. So, it gives us an edge but obviously, it is you know, the number of tenants which we have to deal with, but that's okay, that's part and parcel of our business and which we continue to do because at least legal wise things are clearer probably than another land.

Vipin Taneja: And sir any thoughts on the redevelopment of clusters because the government has come out with a policy?

Dhaval Ajmera: So, we are in talks with a few projects where we can apply cluster redevelopment. Hopefully, if things are realized we can probably announce soon but definitely, it is a policy-based matter in which we are wherever applicable, we are trying to extract the best out of it and looking at a few on that lines.

Vipin Taneja: Commercial also will be there?

Dhaval Ajmera: No, we primarily are more residential.

Vipin Taneja: No will it be comprising of some sort of commercial so that the returns become handsome?

Dhaval Ajmera: It primarily is more like a convenient shopping but most of the society redevelopment unless they are on the main road or something like that, it is more of an enclosed residential development. So, primary, all these are more residential.

Vipin Taneja: Highly obliged for your time, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Thank you for the opportunity. Sir, I had one macro question. So, as the industry is looking the inventory is coming low. So, how this will affect the industry, I just wanted a take from you. So as the inventory is coming down sir overall do you see that there will be new launches and the realizations also will go up because the demand is, still intact?

Dhaval Ajmera: Well, my take is that real estate has a good steady demand at least what I see in the city of Mumbai. With the new launches or old launches, which were there, a lot of inventory has almost been sold out, ready stock has almost been wiped out from the market. Going forward with last year, there was a good amount of premiums which have been paid by developers and a good number of launches are expected or being done as we did our Manhattan Project and obviously now, we are doing our launch our Juhu project and that's how we are seeing a lot of other developers also launching a good number of projects. So, I think overall demand is there. Prices probably may remain steady. It may not increase too much with the supply coming up, but I think with this current pricing and if the sales become steady, I think everyone should be in a happy place.

Mihir Desai: Okay, and as the prevailing inflation and rising interest cost will that impact the demand, what is your take on this on a consumer point of view?

Dhaval Ajmera: So, my take is consumers are averse to, at least personally I feel if the home loans are around 7.5% to 7.75% brackets, I think they still be okay. Sometimes it means psychologically if it crosses 8%, then there will probably be a little thing to worry about, and they would then I would see that there will be resistance coming up and then there will be a demand-supply gap

which will be starting. But I think the government is doing a good job by keeping the home loan obviously they have increased but not making it as proportionate to the incremental inflation. So, I think overall it is a good thing and it is a good sign because real estate indirectly supports 220-250 other industries, which are probably not getting affected today and we are seeing a cycle moving. So, I think my personal take is far as 7%, 7.5%, and 7.75%, I think that should still be okay, but beyond that, probably we will see resistance, but so far, it has been good.

Mihir Desai: Understood sir and lastly on the land acquisition, as the prices of land are also going up. So, do you think that that will affect the further new launches going forward in the industry per se?

Dhaval Ajmera: As for the land prices honestly, it is more of a demand-supply thing, but right now, in the city of Mumbai, there are a lot of developments like the JV/JDA or DM model project coming up or some stressed projects coming up or society redevelopment, so which does not imply to probably big amount of money outflow upfront but obviously there will be while mid-cycle of the project you need to pay for the premiums and permissions, but overall, I think there is a good amount of supply still available for JV/JDA and society redevelopment projects in Mumbai.

Mihir Desai: Understood sir.

Moderator: Thank you. The next question is from the line of Pankaj Tanna from Varun investments, please go ahead.

Pankaj Tanna: Good afternoon. I just wanted to know whether there is any clarity on the location of your Central Mumbai project where you say it is around 4,89,000 square feet launched probably March 2023 . I think the brochure said. So, which is the location that is there?

Dhaval Ajmera: Well I would love to say, but I just do not want to reveal right now. When the right time is there, we will be definitely revealing. We just had in the last stages of our permissions and approvals and finalization of documents. So, let us complete that, and then we will announce it. Just in central Mumbai is all I can reveal right now but go beyond that will be once we sign on the dotted lines.

Pankaj Tanna: Okay, so central Mumbai would be what Ghatkopar that area.

Dhaval Ajmera: That entire central part of Mumbai, starting from probably Dadar to going all the way to Mulund.

Pankaj Tanna: Yeah, that is one thing that I wanted and the similar there is a second project that makes use that is also in the same area?

Dhaval Ajmera: Yeah, in and around that.

Pankaj Tanna: Okay, so basically, these are the two projects, which are still being worked on?

Dhaval Ajmera: Yes.

Pankaj Tanna: And any plans to start something after, let's say, you have reached a threshold of 60% booking on your Manhattan at Wadala?

Dhaval Ajmera: Yes, of course, Wadala has a good potential and we have a great amount of FSI available over there. So, definitely, we are looking at a tower 2 launch which should in our opinion should happen soon once as you rightly said we reach 60-70% of our sales, that is when we opened tower 2.

Pankaj Tanna: And for that also when you launch you need to pay the development charges of Rs. 270-280 crores for a similar tower to the authorities.

Dhaval Ajmera: In fact, it will be a little more because when we paid last time, we paid it with a discount of 50% premiums. Now those opportunity is not there so obviously there will be a bit, not all charges are going to be 100% but some will be, so my guess depends on the sizing and all of that but with Rs. 280 crores will be around Rs. 400 crores if it was the same size just to give you a rough figure.

Pankaj Tanna: Okay. Technically today whatever the inventory is selling people should buy it at whatever rate you are getting. The next pricing will be high about Rs. 3,000 if nothing else.

Dhaval Ajmera: Absolutely, that's what will be, because the price will rise the cost will rise, and obviously the end product price will also be up.

Pankaj Tanna: Okay, great and when do you plan to take in the sales for Greenfinity which is balanced, and Sikova by the second-third quarter this year?

Dhaval Ajmera: This financial year end we should be able to compete both the projects in terms of completions in terms of sales also.

Pankaj Tanna: Wow that would be great, and I think that's all I have to say all the best. Keep doing the good work that you are doing.

Moderator: Thank you. The next question is from the line of Anushka Atri as an individual investor, please go ahead.

Anushka Atri: Thank you for the opportunity, sir. Sir in the presentation it is mentioned that we have 4 launches in the next two years. So, would you be able to give details of the same in terms of location, size, or timelines?

Nitin Bavisi: So, we have mentioned the sizes of the projects and as well as the code name, and the location Ghatkopar and Juhu, and as we speak, we have already discussed at length about the Juhu, its progress, we received the CC that we applied for RERA and that particular launch is around the corner as we complete this regulatory process, and so is the case with Ghatkopar, we have completed the acquisition from Tata Communication as we speak and alongside we have already started our work on the plans and other regulatory aspects about the approvals. So, in terms of the other two projects that we have kept our preparedness on, we are hopeful to bring these launches as well in the given timelines, and we will keep the momentum of our launches accordingly.

Anushka Atri: That's great. So, secondly, in the last two presentations, we have been seeing some ESG-related activities happening. So, do we have a roadmap or do you have any kind of ESG recognition as of now?

Nitin Bavisi: So, as we speak, we have taken a few execution-based initiatives at the site, be that using of the raw material, be it water conservation, be it energy efficient materials, and in terms of the social angle, we have been mindful of taking the very relevant programs for the society, beneficial for malnutrition, for woman's empowerment and such kind of vocational education programs and conservation of water resources, and in terms of governance, we always been ticking all the boxes in terms of compliance is of LODR, SEBI regulations, and RERA now being the regulator. So, our focus is completely on the entire ESG path and we have received a few recognitions out of our efforts, be it the Nucleus, which had an Edge certification, and be it Zeon which is IGBC certification. So, we are very grateful for our appreciation of our sincere efforts on this ESG side also.

Anushka Atri: Got it, sir, that's great. Thank you and sir one last one, is there an update on the NCLT regulatory proceedings since last quarter?

Nitin Bavisi: Yeah, so last two hearings, we could not get our petition on the board for the hearing, as I mentioned on the earlier question, in my response that we are very hopeful being very plain vanilla demerger scheme. So, we are hopeful that once it comes on board, it should be getting through and we should be having the asset parcel traveling into SPV and we can do the rest of the thing as per our plans.

Anushka Atri: Got it, sir. Okay. All right. Thank you. That's it from my side and good luck. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, we will take the next question from the line of Ritesh Kamdar as a shareholder. Please go ahead.

Ritesh Kamdar: Are we looking for any private equity in the company or any of its SPVs?

Nitin Bavisi: Yes, we are mindful that you know what private equity players and the deals can make overall credentials about our product portfolio. However, we are as well you know, playing a balancing act on our available cost of debt, because as you know that the repo rate and the overall cost of debt are also increasing. So, we need to be mindful of the overall cost side also, because overall we are working on the inflationary pressure. So, we are playing balance on the credentials of the private equity and as well on the cost side. So, we are taking a very judicious business case and accordingly for the funding of the project.

Moderator: Thank you. For the follow-up question from Pankaj Tanna from Varun investments, please go ahead.

Pankaj Tanna: Yeah, just one add on that demerger property that we are planning. Is that, are you planning a purely residential or it will be a purely commercial business center sort of thing?

Dhaval Ajmera: It is going to be a mixed bag. I mean, as of now, we have looked at ~3 million square feet of commercial coming in, but we will still explore it as in how once is done, but right now it is under the planning of 3 million square feet of commercial.

Pankaj Tanna: Okay, but as being at Wadala is not the residential probably a better sort?

Dhaval Ajmera: See we already have a good amount of supply in residential over there. So, for us as a layout, and when the land is such big, I think it is a mixed-use development as contains or commands more demand as compared to just residential or just commercial. So, we are trying to make this as efficient as possible to have like a mixed-use place, which is work from home and that way walk to work culture, looking at all those in a city like Mumbai is what we endeavor to develop over there.

Pankaj Tanna: So, it is something that you plan to do independently or you do it with some fancy developer from Singapore or something.

Dhaval Ajmera: We are open for that we have not like since we are under this development, we are at looking at either, we are open with some private equity or someone else as an investor coming in together who brings or adds value to the project. Definitely, we will look at this tie-up.

Pankaj Tanna: Okay, thanks.

Moderator: Thank you, ladies and gentlemen, that would be our last question for today. I now hand the conference over to Mr. Nitin for closing comments, thank you and over to you sir.

Nitin Bavisi: I really thank every participant and their questions and suggestions and insightful questions which will definitely help us and motivate us for putting in better performance and coming back with a very good set of numbers. Until then, stay safe and stay happy. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen on behalf of Ajmera Realty & Infra India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(This document has been edited for readability purposes)

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