

Ajmera Realty & Infra India Limited



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Sub: Transcript of the Earnings Call

Sir,

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 16th November, 2021 on the Unaudited Financial Results (Standalone and Consolidated) for the second quarter and half year ended 30th September, 2021.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For AJMERA REALTY & INFRA INDIA LIMITED

**HARSHINI B. PARIKH
COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: As above



Ajmera Realty & Infra India Limited
Q2FY22 Earnings Conference Call
November 16, 2021

Management:

Mr. Dhaval Ajmera - Director

Mr. Nitin Bavisi - Chief Financial Officer

Moderator: Ladies and gentlemen, good afternoon and welcome to Q2 FY2022 Earnings Conference Call of Ajmera Realty & Infra India Ltd.'s. We have with us today Mr. Dhaval Ajmera the Director of the company and Mr. Nitin Bavisi the Chief Financial Officer. Please note 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 an 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. Hello and good afternoon to everyone. Season greetings to all and hope all of you and your families are keeping safe and healthy during these pandemic times. We would like to thank you all for joining us today to discuss the company's results for the second quarter and first half of the year ended 30th September 2021. Please note a copy of all our disclosures are available on the investor section of our website as well as stock exchanges. Please note anything said on this call which reflects our outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces. Let me now hand over the floor to our Director Mr. Dhaval Ajmera to talk about our major business developments and outlook. Over to Mr. Ajmera.

Dhaval Ajmera: Thank you Nitin bhai. Good afternoon to everybody. Firstly, let me wish everyone and I hope everyone had a great Diwali and wish you all a very, very Happy New Year. I am very pleased to share that the overall scenario with respect to the business in the first half of the financial year has been better as compared to the last year. This has been a very positive momentum as



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a start in terms of the results of our first half. The pandemic situation as we all know has been improving, markets are opening, offices are opening, business and social life is also getting back. So, this is showing a very positive momentum and people are coming back to normalcy and which I hope continues and the pandemic is over forever. Obviously, thanks to the government of India for crossing Rs. 100 crores plus doses, which is why we all are living our normal lives today.

This is accompanied with a very strong economic recovery and improved buyer sentiments which have been favorable for us and specifically real estate as we know has gained a lot of positive momentum over the last one and half years where pandemic has taught us the importance of home and its requirements during such time. We are confident and we see that this kind of demand and the importance of home which we have been seeing has just not been pent up for the last 6 months or 9 months, but it has been consistently rising and the demand for real estate has been growing overall in the entire segment of the market.

I am sure you all know about our company and I would not want to take too much of your time but just to give you a brief, we are a 53-year-old real estate company which started as a family business and slowly moved to be a listed professional company. We are very proud to be a real estate player with 27,000 shareholders and having presence in Bombay, Pune, Bangalore, Ahmedabad and internationally in UK and Bahrain. Just to take you through our journey for this quarter and half year, I would like to tell you that the company has shown a strong operating and financial performance with improvement in key financial metrics.

I am pleased to inform that our revenue, EBITDA margin, profit before tax and profit after tax for the half year has shown escalations in all these sections compared to last year and which is consistent to the mantra which we have adopted in our company "RISE". The growth is in line with what our four pillars of RISE are, that are – Re-inventing the wheel and evolving through new business practices, Inspiring to adopt and adapt to the new world order, Supply creation to meet the demand of end users and E as an example of the community exemplified by Ajmera family values.

This was accompanied with a consistent construction progress and increase in the number of units sold. As people are used to work from home and now office, we are seeing an incremental demand coming for larger homes or better homes which has this flexibility options available and we are seeing that people are looking at better homes and instead of renting they are looking at outright purchasing also. The demand for our projects in all segments be it a ready stock or an under-construction stock or even a pre-launch stock has been in a very good shape and there has been a consistent demand in all segments, and we have seen that people have really shown us their confidence for flat purchasing and apartment buying in all these three segments. The festive season, specifically Navaratri, I would say has been very encouraging for us for sales and we believe that this trend will only continue to improve in the coming quarters because as we are gearing for new pre-launches, we are seeing a good demand coming up.



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Our flagship project Ajmera iLand at Wadala has seen a very good response and we feel that this response will continue even for coming quarters. Our high margin project, that is Ajmera Greenfinity, is in the same suburbs which was launched this year and has already seen 50% bookings and our commercial projects Ajmera Sikova which is in Ghatkopar has nearly seen 20% bookings. Further to give you a brief about our Bangalore project, that is Ajmera Lugaano, has also seen a good response over the last few quarters and few months with the decision of government of Karnataka of slashing stamp duty for flats below 45 lakh has been a very positive decision and it has helped our sales in that project as well because we had few apartments which are under the 45 lakh category, so this helps us in the boost of sales for that project.

However, we hope that the government of Karnataka also provides benefits similar to what the government of Maharashtra provided over the last one year leading to a tremendous response during the pandemic times. Coming to our launches and our future plans, I am proud to announce and pleased to say that we are on our path of progress and we are going to launch three projects this year which have been scheduled this year and we are moving very rapidly and actively in ensuring that we launch these three projects over the coming period. All the projects are progressing as per our plan and will be completed in the next three to five years' time. We are also ready with few more projects coming together as per our land bank of about 20 million square feet. We are progressing well towards permissions and clearances to be ready for the launches in the coming quarters and coming years.

From these three project launches, I am very proud to say that this will give us a top line of around Rs. 2,000 crores and will be available in the market in the coming quarters. We are progressing well on our demerger strategy for our commercial project, and have already obtained equity shareholders' approval by majority in our NCLT convened equity shareholder meeting which took place on Monday, 15th November 2021. We will now file a petition with NCLT and seek the ROC approval and it is expected to be accomplished by the last quarter of 2022. In real estate, cash flows play a very important role and as we know that with the robust sales and the continuous work going on with all our projects, we are seeing that our working capital requirements have been at a very steady level and we have maintained the very healthy cash flow realization from all our projects which is advanced which is ready and also from a mid-sized project which is under construction or just about to start.

I am pleased to say that from our advance projects which are ready, and which are under construction, we are expecting a top line of around Rs. 1,000 crores from these projects and the three launches project which we are about to do in this coming quarter and the next quarter by the year 2021-22, we are expecting another Rs. 2,000 crores coming from that. So, overall, we have a top line revenue coming from our existing portfolio, which is about Rs. 3,000 crores over and above which, we will be launching more projects from our existing land banks. Taking into account our growth plan of growing 5x from where we are today, our company is really geared up to ensure that we really achieve what we have planned, and we are working towards it. Our main agenda being reducing our debt which we, as a company, are on target



and we are moving towards a very steady part to ensure that we reduce our debt and grow our company at least by minimum 5x from where we are today over the next 3 to 5 years' time. That's all from my side. Thank you very much. I would now like to hand over to Nitin Bavisi to give us the financial details of our company. Thank you everyone.

Nitin Bavisi:

Thank you Dhaval. I am glad to announce that we have delivered a robust performance in this quarter and the half year. I will first start with the key financial highlights for the quarter ended 30th September 2021. Our consolidated revenue stood at Rs. 100 crores and EBITDA at around Rs. 25 crores. We have booked sales worth of Rs. 91 crores which comprises of 76,897 square feet of saleable area and 78 units sold. Our collection that is a collection from the sales money which stood at around Rs. 108 crores and jumped around 26% on YoY basis. We have gained good amount of traction in our profitability metrics with improved operational and interest efficiency. The PBT which stood at around Rs. 15 crore signifies the increase of around 27% YoY and PAT stood at around 11 crore which is increased by around 48% YoY.

So, to summarize the margins, EBITDA at 25%, PBT at 15%, and PAT at 11%. Our focus has always been on debt reduction as Mr. Dhaval Ajmera mentioned and we are improving the debt equity ratio on quarter-on-quarter basis. We are on the path of gradual debt reduction and I am happy to announce that in this quarter also, although marginally, we have reduced by Rs. 12 crores and by Rs. 58 crores in the entire half year basis. Our debt equity ratio has improved to almost 1:1 in half year basis which was 1.5:1 in FY21. Our cost of debt has further reduced by 83 basis point and weighted average cost has come down to around 11.2% p.a. Our GCP loan cost has come down by 100 basis point and a project loan by around 250 basis points.

Coming to the increase in raw material prices, we will partially absorb the hikes and will take a strategic call on the price increase front, on the saleable side. Now coming to half year numbers, our consolidated revenue increased to Rs. 236 crore which is a jump of around 57% YoY. Our EBITDA stood at Rs. 59 crore improving 37% YoY and the profits have grown by almost doubling and more than 100% in the same period, to be precise our PBT stood at Rs. 29 crores which has increased 103% while the PAT is Rs. 22 crore that jumped around 121% YoY. We have booked sales of Rs. 202 crores which corresponds to 169,000 square feet and our collection increased by almost 96%, which is around Rs. 218 crore.

To summarize the margins for half year FY22, EBITDA stood at 25%, PBT at 12% and PAT margin is 9%. EPS also has improved and stood at Rs. 6.11 which is a 121% YoY increase. As our Director Mr. Dhaval Ajmera mentioned, we have shown strong performance with advanced stage projects almost sold out and mid stage projects having a larger contribution to newer sales. To put into numbers, we have a strong revenue visibility of around Rs. 958 crores from our existing project portfolio. For our advanced stage projects, the revenue visibility of nearly completed projects from sold and unsold inventory is Rs. 38 crores and Rs. 172 crores respectively. While for mid stage projects the revenue visibility from sold and unsold, the corresponding numbers are Rs. 162 crores and Rs. 586 crore respectively.



Considering all projects, including the upcoming ones, our total revenue potential is around Rs. 3,000 crore as mentioned earlier in April. Our mid-sized project, which is the Greenfinity at Wadala, which is also a self-funded project through sale subvention at very competitive interest rate, has grown up and matured in this quarter and has become eligible for revenue recognition which is a milestone for Q2FY22. The three project launches as Mr. Ajmera mentioned, are set for launch in FY22 out of which two are Mumbai and one in Pune. This corresponds to around 1.3 million square feet of saleable area and around Rs. 2,000 crore plus as revenue potential. For one of these projects in Mumbai, which is around 8 lakh square feet, the first installment of the accrual cost has also been paid. So as Mr. Ajmera mentioned, we are rapidly and very actively moving towards approvals and clearing a path for the project launch very soon. We are also actively working on the acquisitions and participating in projects through JV, JD, DM approach models which is going to give us different revenue stream and help accelerate our growth momentum.

Coming to new acquisitions, we have two projects in Mumbai in which active discussions are on, one is around 9 lakh square feet, and one private equity deal is also on the closing stage out of this acquisition and is a financing kind of a thing. With the robust operational and financial performance and a very positive outlook for the real estate, we are sure that we will continue the strong momentum in terms of achieving our growth targets. Thank you for your patient hearing. Now I will be happy to take on the questions and any other suggestions which you may have. Thank you.

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

Amanjeet Singh: Sir my first question was on the launches for this year, so I believe earlier we had guided for about 1.5 million square feet launches. What exactly happened to the Bangalore project, was it pushed back to the next year?

Dhaval Ajmera: Bangalore project has been pushed back because there have been certain legalities and discrepancies which we are trying to resolve. Hence, we pushed it back and if that gets resolved, we will launch it next year, but we still want to have that clarified.

Amanjeet Singh: We are looking at 1.2, 1.3 million in this year, so how is next year looking in terms of the launch pipeline?

Dhaval Ajmera: Next year, we have at least three to four projects which we are looking at in Bombay and Pune markets, primarily where we are concentrating, and in advance discussions with few projects in Bangalore and few JV JDA projects, but at least definitely three to four projects coming up next year for sure.

Amanjeet Singh: In terms of square feet could you be able to guide any broad range as well?



- Dhaval Ajmera:** About million and half.
- Amanjeet Singh:** So similar to this year?
- Dhaval Ajmera:** Yes.
- Amanjeet Singh:** My next question is in terms of the sales and collections – our sales, our presales for the quarter were slightly lower than the previous trend, so is there any reason why that was lower in Q2 - 91 crores?
- Nitin Bavisi:** Yes, it is Rs. 91 crore and most of the sales have come from Mumbai market and I am pleased to say that this is a very OC based project and the ticket size is ready to move in and the entire payments and such factors which will give momentum to the sales as the customer demands and their expectations aligns with our sale strategy.
- Amanjeet Singh:** On the collection bit, we had strong collection last year of about Rs. 520 crores and in the first half itself we have collected Rs. 217 crores, so what is your expectation when will this pick up especially since we are launching this 1.3 million in the next two quarters, what kind of collections do you think we can achieve in the second half and in the next year?
- Nitin Bavisi:** We have a good sales potential out of our existing portfolio, around Rs. 170 crore which is balance sale available from the existing ones. So, we expect that will come into the system before March and that is going to be the sales driver. The existing midsize project portfolio also is expected to see traction as we have seen in the Greenfinity project. Another project which is a commercial project, Sikova at Ghatkopar, has seen around 20% sales momentum. So, we are hopeful that these are the projects which will keep contributing under the sales momentum and as well the collection side.
- Amanjeet Singh:** So, against the Rs. 520 crores FY21 so is there any rough number that you can guide for FY22?
- Nitin Bavisi:** Yeah, we are likely to bid this number, that is what our hopes are and as we have mentioned that one of the 8 lakh square feet project launch which is at Wadala is going to see the approval coming through in next one quarter and if we can launch that particular project before March, I think you will have a wonderful set of number coming into.
- Moderator:** Thank you. The next question is from the line of Punit Krishnani from Larry's Estates. Please go ahead.
- Punit Krishnani:** I would just want to check how would private equity tie up be beneficial for the Ajmera group?



Dhaval Ajmera: We are now looking more on expansion basis and growing our portfolio for different projects at different levels. So, obviously new acquisitions primarily may be JV JDA model or existing developer model. One of the land acquisitions which we are trying to do is with a private equity just as a start case basis which will help us grow. We believe that for any projects or company to move forward if we have a private equity transactions coming through there are more and more avenues which open up, so that is one of the reasons where we want to try - it is a small one, but it will definitely open up a lot of avenues for us.

Moderator: Thank you. The next question is from the line of Preeti Nair from Anmol Prithvi Consultant. Please go ahead.

Preeti Nair: Sir I have a couple of questions, firstly I would like to know is since work from home and hybrid work culture has become a trend which will most likely continue, so in the coming quarters what trends do you see in the RE sector following the pandemic?

Dhaval Ajmera: You are right there has been a lot of hybrid models which we have been following, but at the same time we are also seeing this kind of flexibility coming in a real estate sector where people are preferring to have slightly larger homes so that they can have a workspace within their place and at the same time we all are being more socially driven. So, offices have now again started to become a preference to work rather than home. So, obviously many MNCs where we have seen today working probably a 3 day or 4 day culture, but my feeling is that eventually this will come back to normalcy like earlier. But definitely the flexibility and space for a working environment within the home is very important now and at least us as a real estate company are planning.

Preeti Nair: Secondly, do you also expect the urbanization trend being reversed or modified?

Dhaval Ajmera: As an infra's point of view, I would say that urbanization has been consistently and rapidly growing. I mean in terms of even not only in Tier 1 cities, but Tier 2 and Tier 3 also. There has been lot of upgradation happening within all these cities too. So, my take is urbanization and infrastructure are going hand in hand and definitely it will be on the growth trajectory.

Preeti Nair: Sir lastly, what I would like to ask is will the home designs and projects designs be affected or modified by the RE players and what is your thought process for the same?

Dhaval Ajmera: Well, if you had looked at the start of the pandemic or whenever it was, there has been a requirement for workspace within the home, but especially in a city like Mumbai where every square feet is an expensive proposition, if we try to make it a larger space it becomes even more expensive. We need to balance that out within a requirement plus the budget. So that is very important for an apartment. So, ideally a 2-bedroom apartment can be a 700 to 1,000 square feet. But obviously the budget changes, so we need to ensure that we are in the right



mix at the right time within the right location. That is the very important aspect which a developer needs to take care.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Arihant Capital. Please go ahead.

Abhishek Jain: Sir two questions, first is what kind of commercial and residential breakup we will be having at this point of time and when do you expect this demerger to be completed going forward?

Dhaval Ajmera: The commercial break up right now – we have one commercial project Ajmera Sikova in Ghatkopar which is about 1 lakh to 102,000 square feet. Going forward, we are looking at around 3 odd million square feet of commercial project at Wadala as per the demerger plan, but obviously that is in the future pipeline. As a company, as much as we do in residential, we also want to have some significant amount of commercial portfolio and as far as demerger plan is concerned, I will just request Nitin to give you a brief.

Nitin Bavisi: As regards the regulatory process and the procedures, we had the equity shareholder meeting i.e., NCLT convened meeting yesterday and we got the equity shareholders' approval for that. We are moving ahead to file scrutinizer and chairman report as a matter of process, and we should be filing the final petition sooner and seek the RD / ROC approval and as well NCLT final approval. These are the steps involved for the demerger. We are hopeful that we should be completing this procedure in FY22 and then take this particular piece in a strategic manner as per our plans.

Abhishek Jain: On the revenue side if you can based on, - because I have just started looking at this company - as per IndAS what kind of projects will be delivered in FY22, 23, 24 if you can in the value wise and in the volume wise throw some light, on the area wise also?

Nitin Bavisi: In terms of advance stage project which is at a Wadala project with OC and Part OC, we should be closing this balance inventory and the projects balance lifecycle in FY22 and that is our endeavor. So, this entire project of three towers Aeon, Zeon and Treon should be completing in FY22 alongside Greenfinity which has become eligible for revenue recognition post 25% threshold, which is also likely to be getting over in our estimation next year by December 22. Sikova is also a mid-sized project which is likely to be over in FY23. One of the projects at Bangalore which is Nucleus residence is also at advance stage and should be also closing in this financial year. Rest of the projects at Bangalore which is at mid-stage and the projects at mid stage in Mumbai should be in the horizon of around 2.5 years to 3 years' time.

Abhishek Jain: Any revenue potential number if you can throw some light and second thing what will be the Mumbai non-Mumbai ratio currently and going forward what it will be sir?

Nitin Bavisi: In terms of revenue potential, it is around Rs. 958 crore revenue which is balanced. From the advance stage project, we have around Rs. 38 crore worth of revenue from the sold position



and Rs. 172 crore worth of revenue from the unsold inventory. So, that gives you around Rs. 211 crore as a revenue potential. Midsize project sold and unsold same proportion is around Rs. 162 crore and Rs. 586 crore. So, around Rs. 747 crore is likely to be recognized as a revenue over 2.5 years, 3 years.

- Abhishek Jain:** Mumbai non-Mumbai mix?
- Nitin Bavisi:** We have 1.3 million square feet launch target in this financial year and out of that two projects are in Mumbai and that comprises of around 1 million square ft and balance around 0.3 million from the Pune. So that is our immediate target.
- Moderator:** Thank you. The next question is from the line of Amanjeet Singh from Oculus Capital. Please go ahead.
- Amanjeet Singh:** Sir on the demerger I agree with the 6.5-acre property which shall translate to about 3 million square feet of commercial property, so what are the plans exactly, have we already been showcasing it to other people for financing and what will be the kind of the debt equity mix of the project and the project price or any of the details that you can share about it sir?
- Dhaval Ajmera:** We are currently under planning stage. As per the regulatory requirements and what is available in terms of the FSI and all that have been done. We have not really moved forward to any financial institutions or any private equity player to advance stage, but we are informally discussing because we believe till the time NCLT thing is completed, we do not want to have any advance stage discussion. We have kept our guns ready. We would like to go ahead once we have completed the NCLT which we are expecting in the last quarter of this financial year. Once that is done, we will see some progress happening in the commercial transaction.
- Amanjeet Singh:** By commercial this will primarily be office space, right?
- Dhaval Ajmera:** Office space.
- Amanjeet Singh:** You have mentioned that you have a land bank of 20 million square feet?
- Dhaval Ajmera:** Yes.
- Amanjeet Singh:** You mentioned that you have about 6.5 million development potential at Wadala so what about the other 13.5?
- Dhaval Ajmera:** They are at different places in Bombay, Pune, Bangalore, and other places which I would not want to reveal right now, but I can just give you that these are the 3 cities where we have potential locations.
- Amanjeet Singh:** When do you think that you will look at Kanjurmarg as a strategic area for development?



- Dhaval Ajmera:** Kanjurmarg as a strategic area, we believe that we should learn something in the next financial year. There are few things which we are just about to clear, and we are awaiting certain permissions. So, we will be able to launch sometime in the next year.
- Moderator:** Thank you. The next question is from the line of Rahul Talwar from AB Advisors. Please go ahead.
- Rahul Talwar:** My first question is related to ESG. How do we foresee ESG related metrics for the real estate sector and what is the outlook and initiatives undertaken by Ajmera Realty in this regard?
- Nitin Bavisi :** As we have mentioned in our investor presentation, in all the three segments of ESG we are fulfilling our responsibility. We are taking care of, at site level - organic waste converter, solar power, reusing the STP water wastage. We are using environment friendly, raw material inputs like EAC blocks. Ajmera Zeon at Wadala has received gold rating from the green building council. So, that is a kind of an environment friendly features and the steps which we are taking that mentioned in the investor presentation as well. Also, we are taking social responsibility, not only of the employees of the Ajmera group, but the public at large we are mindful of undertaking the relevant CSR activities and safety measures , free health check and such kind of a social endeavors. On the governance side, we are very proud to say that we are the most disclosure and governance driven. All the standards and the SEBI compliances and such kind of a thing are being fulfilled from time-to-time and at the Board level also we have the diversified policy of being Board at a professional level. So, all the three segments of ESG we are mindful of, and we are undertaking the responsible acts of that.
- Rahul Talwar:** Before the pandemic home prices were expected to increase at a slower rate unlike the market jump of 2017 and 2018, also the number of home listing was likewise seemed to increase by only 3%. Do you expect home prices will increase by first half of the next year and if so what sort of percentage do you feel it might increase supply?
- Dhaval Ajmera:** Home prices right now are mainly dependent on the input cost which are coming up in the market. As far as input cost are concerned, there has been a significant drive in the steel, cement and copper, plastic, all other raw materials aluminum etcetera. If I really look at a new project which I have to launch, probably my construction cost would go up by at least 15% to 20% depending upon the size of the building and so on. If this is continues, definitely every developer would be forced to increase their pricing be at least 10% to 15% depending on the area of the project and all of that. But with the way things and raw material are going, the real estate prices are set to go higher. Although I do not think any developer or any one of us would want to do it, but because of the enforced input cost, this is definitely going to be on a rise.



Rahul Talwar: What do you think about the stamp duty valuation, just is it going to decrease or any benefits we expect in the regions we operate in?

Dhaval Ajmera: If you look at the statistics when the stamp duty benefit was allowed by the government of Maharashtra, there was a significant jump in registrations all across Maharashtra and not only in Mumbai, because people had seen a pent up demand and a good benefit coming out of it and the revenues for the government in fact increased compared to a year-on-year versus of a 2021 versus 2019 when the stamp duty was higher. So, realistically I feel stamp duty should be rationalized to 2% or 3% which will give a good momentum to the real estate market which indirectly supports around 350 odd other industries which helps economy to grow higher. So, I definitely believe stamp duty benefit will be a great economic and a real estate boost for the sector.

Rahul Talwar: We have read about the acquisition of Tata Communications building, so just wanted to know if you could provide any details on that?

Dhaval Ajmera: Well things are still under discussions. We have not formally finalized everything. Hopefully in the coming quarter we should be able to reveal more details about the same.

Moderator: Thank you. The next question is from the line of Sushant Raj from SKS Capital and Research. Please go ahead.

Sushant Raj: My first question is on price increase. We know that the cost is going up for the suppliers in general like steel cement, material labor and so on and if this continues it might start affecting the interest rates and the residential sector demand, maybe like one or two years down the line. I just wanted to know how this would affect the construction cost, margins, and the demand in the future. Do we have any plans for the same and what is the price trajectory we see in the coming years?

Dhaval Ajmera: As I said earlier, with the way currently the input cost are going, which I hope is a temporary thing because right now with the kind of input cost, the cost of construction is increasing between 15% to 25% depending upon the size of the project and the location which will eventually on an average, affect the real estate prices. Either I have to reduce my margins, or I have to increase my output cost that is my pricing. I believe that if the cost of construction is going to be at this definitely the real estate prices will go up by 10% to 15% primarily in Bombay and if other places it will be even little higher.

Sushant Raj: Also, we buyers generally are attracted to discount schemes and gift etcetera, but we see imminent price increase in the coming period, how will this be offset like how will the buyers be attracted in spite of the price increase?



Dhaval Ajmera: We all have to live with the fact of incremental inflation in the pricing which has been affecting all of us. It is not like just flat prices are increasing, but there is a reason behind which the flat prices are increasing. But you are right there will be certain schemes depending upon on a developer and project and his need for the project to see how he can really attract the customers. But we all need to be really be mindful that the prices would increase because of the cost increment and nobody would want that. It is not that people are just increasing prices because there has been a good demand. With the good demand, if prices were steady it would have been even better for the economy, but we just hope that these prices rationalize.

Sushant Raj: And my last question is regarding expansion. We have launched three new launches this quarter and we have so many plans ahead, but then do we have any further plans to enter in new cities or new product offerings?

Dhaval Ajmera: As of now we do not have plans to enter new cities, but our plan is to expand within the cities where we are so that is Bombay, Pune, Bangalore, and Ahmadabad. These are the four cities we are concentrating and expanding. Because we have a set base and a set team and I believe these markets in generic for real estate, these four cities have a good potential, so we really want to expand where we are. Secondly, apart from being developing residential we are also looking at commercial and smart offices and stuff like that coming, but primarily related to residential and commercial and retail is what we are more looking in terms of the sectors of real estate.

Moderator: Thank you. The next question is from the line of Shanti Patel from Shanti Patel Investment. Please go ahead.

Shanti Patel: What is the cost of construction cost square feet in Bombay, Pune, Bangalore, or whichever cities we are?

Dhaval Ajmera: Say if there is a 7 storey building, we will have a different pricing versus 15, 35 and 45 storey building. Bangalore, Bombay, Pune have different criteria for usage of steel. Every city, every floor has a different criterion, but if I have to give you on an average is between Rs. 3,000 to Rs. 4,000 a square feet.

Shanti Patel: Second question is the project which we have already completed in the first half and which are likely to be completed in the second half what will be the revenue and what will be the PAT percentage there on?

Dhaval Ajmera: As I mentioned the revenue potential out of this very advanced project is from the sold area is around 38 crore and balance inventory which is available to sell is going to yield a revenue of



172 crores. So, both aggregate put together is around 211 crore we are envisaging from this advance stage of the projects.

Shanti Patel:

PAT margins thereof?

Dhaval Ajmera:

In the range of 15% to 20% at a project level PBT margins kind of a thing. New project which is with a better efficiency sales like Greenfinity and such other products will be relatively at a higher margin.

Moderator:

Thank you. The next question is from the line of Aditya Singh from KV Capital. Please go ahead.

Aditya Singh:

I have a question on sector performance. For the past quarter how would you describe the performance of the sector and then compared to that how would you rate Ajmera's performance to that. Also, when do you expect the sector to recover back to pre-COVID levels any timeline that you can give and what is your outlook for growth in the upcoming quarters?

Dhaval Ajmera:

In terms of outlook, we have mentioned immediately in FY22 we would like to launch 1.3 million square feet with a potential of around Rs. 2,000 plus crores as the revenue potential and that is going to be completed over the life of the project which is around three to four years. This Rs. 2,000 crores should be recognized as per the progress of the project on a percentage basis kind of a thing. So, that is our immediate basis which is the launch pipeline. There are some other projects which are also going to be launched and we have the launch size of around 3 million plus over next one and half to two years and should be completed in next three and half to four years or maximum five-year. So, that is the kind of scale which we are looking to undertake the growth targets which we have set for ourselves.

Aditya Singh:

And how would you describe the performance of the sector and then the performance of Ajmera compared to that for the current quarter?

Dhaval Ajmera:

If I have to look the sector has been performing consistently well. I would not have an exact percentage per se, but I feel that overall sector has been improving and has seen a consistent performance quarter-on-quarter over the last two quarters per se. Similarly, our company's performance has also been consistent, and we have been growing in terms of our half yearly revenues on year-on-year is about 58%. So, this is showing an improvement sign and we see that our company is at least a little more or a better than the normal real estate player. So definitely we are on an upward trajectory.

Aditya Singh:

My last question is within the sector we see there is a trend or rather it is setup for consolidation going forward so how do you think that will affect the sector and the company and also certain events like GST, demonetization etcetera, how do you think that has changed the competitor landscape for you as such any your broad views as well?



Dhaval Ajmera: We see consolidation has a great opportunity for company like us and we have been actively discussing with a lot of real estate players as well as landlords because there has been certain issues or challenges, but with the ability of our company and the experience we feel that together we can help make the project as a good landmark. So, definitely consolidation helps our company in a long run perspective. Secondly, our leverage position is at a very strong 1:1 ratio, which also adds an advantage. This is where we see a great potential and with demonetization, RERA and all of that this has actually in fact straightened the market to a great extent. RERA for companies like ours has been a great boon because we were even before RERA complied or made as a rule we were 80%, 90% still complying to the same. This adds to the confidence of the buyers and it makes it even more transparent. So, we welcome all these moves because transparency is the name of the game and we believe in the same. So, it is something which is appreciable and with companies like us consolidation even becomes easier because of the access to capital which is available from FDI and funds and all of that. So, this gives us a great advantage to us.

Aditya Singh: Just a follow up so you mentioned that your current leverage is around 1 so in terms of the opportunities that you are seeing do you look to increase the leverage going forward?

Dhaval Ajmera: Well, every project is going to have a specific leverage to itself in terms of construction funding. In Mumbai per se specifically we are paying a lot of premium upfront and specifically for certain projects the government is giving us a benefit of a 50% discount which we need to pay the payments by December. So, definitely there will be leverages available and we will have to take for those projects, but this was specific project related and construction related funding so that is going to be on project-to-project basis, but not on a group level or on a larger scale our target is to reduce. But definitely on a project basis it will be on for that particular project which will continue to be embedded and reduced through their project specific cash flows.

Moderator: Thank you. The next question is from the line of Ankita Mehta from Neelam Investments. Please go ahead.

Ankita Mehta: For the remaining of the year the margin outlook for us and like what range are we seeing the margins to be? What are the growth drivers for us going ahead in this year and next year and how do we see ourselves placed in that terms?

Dhaval Ajmera: On the half year basis we have the PBT and PAT - the profitability numbers which is almost doubled from the year ago i.e. ,on a YoY basis. So that is kind of traction which we have seen because of the operation and plus debt deleveraging strategy and interest efficiency for one of the project which is Greenfinity. We see a profitability traction coming in a positive trajectory and we have already seen the top line of which is around 58% on this particular financial year on a half year basis. We see a significant jump in this financial year over the Rs. 350 crore as



the base of the last full financial year number. So, we are very confident and hopeful to have a significant performance going forward.

Ankita Mehta:

Also, on the growth drivers?

Dhaval Ajmera:

As we have mentioned the next launches of 1.3 million with the revenue potential of Rs. 2,000 crore completing the advance stage projects and the mix stage projects over the two and half to three years. These are the numbers which will keep coming into the books based on our progress. We see a great momentum of the numbers apart from the new launches out of 3 million plus which we have the target out of our land banks.

Ankita Mehta:

Do you have the timeline for this 3 million, the project that you just mentioned that we have going ahead?

Dhaval Ajmera:

The new launches which we are going to do are about 1.3 million which we are about to launch this year and we are looking at completing in the next three to four years' time.

Ankita Mehta:

Sir also I just wanted to know the real estate sector has recovered somewhat and like we see that the developers have a good cash flow, so there must be some differentiation in the industry right, so what would be the differentiator for us?

Dhaval Ajmera:

Well for us our biggest differentiator for the coming projects will be where we have our own land bank, would be a high margin projects because these are our historical lands which will be enabling us to give a higher margin than what we currently see. That will be a differentiator. Secondly, as far as the new projects or new JV JDA are concerned, we are looking at projects with as a company we believe in less debt and more into advance sales and construction point of view. We are successfully trying to work that model out rather than having a more debt or leverage model. So, these are the two things which we are working which we hope that our companies would be different than probably a leverage company.

Moderator:

Thank you. The next question is from the line of Monika Arora from Share Giant Wealth Advisors. Please go ahead.

Monika Arora:

My first question would be I want to know that as Ajmera's name, for which segment Ajmera is more known to the customers and what would be price range of these segments?

Dhaval Ajmera:

Well, at Ajmera we have projects from probably a 10/11 lakh to 10-crore apartment so because of the sheer experience of our company and delivery of 45,000 apartments we are in all different segments. Although we do not make apartments as high as 100 crores and 150 crores, but in a city like Mumbai, Bangalore, or Pune where our apartment sizes range from 15 lakh, 20 lakhs to 5 crores and 7 crores. So, that is the range where we are. So, we cater to affordable mid and high end all three sectors.



- Monika Arora:** And could you give a range of like what would be the range of all these segment separately?
- Dhaval Ajmera:** Primarily, right now, with our current projects, we are a lot more into mid segments because the projects which we are launching are more into Bombay markets which is between 1 to 5 crores.
- Monika Arora:** And my next question would be like how is the performance of your peers and when do you think that the company will be able to recover like pre COVID kind of a situation whatever sales you are doing at that time you will be able to achieve, what time it will from here on?
- Dhaval Ajmera:** We are in fact a little better than our pre COVID level if I must compare my own company's sales performance to a pre COVID levels, we are even better than what we were earlier. Secondly, as far as our peers are concerned, well there are different segments. There are likes of the companies which have been doing exceptionally well and great and definitely we target our endeavor to be even better than what they are. So, we are looking at going higher with our future growth plans of 20 million square feet of land bank available to us. So, we want to grow at a higher pace and as we said we want to look at 5x growth and within the next three to five years unless we do not grow from where we are today, I do not think we will be able to reach, but we are slowly and steadily moving towards that.
- Monika Arora:** And you have also mentioned that we are planning for debt reduction, so the company is seeing for additional capital raise, but then how would you be funding your construction and CAPEX?
- Dhaval Ajmera:** As I said earlier every project will have a specific construction funding for that project, but at a group level, we are wanting to do the debt reduction. For our future growth plan and projects we will have to take a bit of a funding for payment of premium and construction finance which is a normal process and will be reduced or taken care from the project cash flow itself.
- Moderator:** Thank you. The next question is from the line of Monali Shah from CSK Securities. Please go ahead.
- Monali Shah:** We are witnessing that in construction the key players are adopting various technologies like artificial intelligence, modern construction, design technology and this is redefining the reality sector in India, so I just wanted to understand how is Ajmera adapting to these innovations?
- Dhaval Ajmera:** We are very enthusiastic about technologies and we are definitely looking at what you call adopting to new and better ways how we can construct projects faster. So, I do not know if I can use certain technical terms in terms of Mivans and all of that in terms of construction. We have a specific team who is doing a lot of research and development within our team to ensure that we firstly look at faster methods of construction. In terms of our sales, daily process is an execution we have been very efficiently moving towards paperless organizations and ERP



efficiently working where we want to ensure our processes and efficiencies are working better and faster and point number three as far as artificial intelligence is concerned in terms of our online marketing and our sales portfolio, we have been trying to work towards those artificial intelligence drivers to get the best kind of leads for our projects. So, these are the three different areas where we are working. We are also looking at a lot of block chain opportunities which are coming up in the near future which we are in discussions, but it is very nascent stage right now. If something really comes up which is where we want to adopt to those block chain technologies and move our company to another level.

Monali Shah: And you mentioned that there was good traction during the festive season so are we expecting that momentum to improve further and what would be the factors that would drive that momentum?

Dhaval Ajmera: The demand for real estate has been in a good form and we are seeing good demand coming up for real estate developers like us who have already performed and delivered. So, a company like us who has already delivered two and half to three crore square feet and 45,000 apartments, the kind of confidence the people have shown to companies like ours has been good. We are seeing even good demand even if it is a pre-launch. Our Greenfinity project which started just this year in the month of January, we have already we have sold more than 50% . That is the kind of that confidence that people have shown, and I am very confident that even with our new launches which are coming, we will have a good numbers even in those projects too.

Moderator: Thank you. The next question is from the line Anushka Atri of GK Solution Advisor Please go ahead.

Anushka Atri: I have two questions. One, stable mortgage rates stimulate the real estate industry while it is impossible to know for how long this trend will continue, do you think it is good news for the real estate sector since, we are extremely sensitive to mortgage rate?

Nitin Bavisi: As we have seen that RBI is keeping the accommodative stance on the interest rate. Of course, couple of quarters we are hopeful this continues. Then of course inflation , other factors, global factors like oil is also going to be a one important factor. So, these all factors will culminate into the overall policy makers to look at the interest scenario and direction in which it can be taken forward. But currently, we are looking at a mortgage rate which is much at a reasonable level and wherein it can give a good booster to the demand side.

Anushka Atri: And sir as far as I am aware there is no credit rating mentioned anywhere in the presentation or elsewhere, so is there a reason for that or are we taking any steps to improve and get recognize?



- Nitin Bavisi:** Yes, as regards the credit rating, it is a corporate action. As regards the construction loans our lenders do have the in-house process of credit rating as far as the credit profile and the risk of the project and as regards the listed instruments, we may be taking the credit rating as far as the requirements and the transaction requirements kind of a thing.
- Anushka Atri:** As always, the supply and demand rule the market with luxury prices being driven by high inventory level, this could prove to be good news for our investor who want a cash in our luxury homes which is undervalued at this point, so do you think this pattern will change after COVID?
- Dhaval Ajmera:** There has been a good demand for luxury ready projects which is specifically in the Bombay market, I also see going forward there would be steady demand in actually all segments as it would not only mean a luxury or a semi luxury, but across all affordable luxury mid segment everywhere. So, definitely I feel overall ready luxury projects will definitely have a higher demand because you know HNI would want to feel and see the project and take it rather than wait for it to be constructed.
- Moderator:** Thank you. The next question is from the line of Aishwarya Suresh from L&T. Please go ahead.
- Aishwarya Suresh:** There are a lot of opportunities we hear related to joint development. What is your take regarding this, and will this be a model that will be followed in the sector and your plans if any?
- Dhaval Ajmera:** We are very aggressive or very pro joint development and DM models because that is the best asset light model which is available for the sector like real estate. As a company, we have our own land bank as a part of our growth strategy. We are in advance talks to a lot of existing developers or landlords to work towards joint development or a DM model which we hope to announce soon in the coming quarters. So, definitely as a company we are aggressively working towards it.
- Aishwarya Suresh:** My second question is that with the sector here is speeding up how do you summarize for example if you want to describe the sector in the near future and will you be unique as compared to the peers?
- Dhaval Ajmera:** The sector is growing steadily quarter-on-quarter and if I have to say year-on-year as well if I have to compare between 20 and 21 and similarly within our company, we endeavor last year we are at 300 odd crore revenue. We endeavor to grow 1.5 to 1.7x this year and if you look at our two quarterly results which has already been seen we have already done 236 crores. Definitely, our target is to grow between 1.5 to 1.7 year-on-year that is where we are definitely going to grow. Our PAT margins have also started showing great improvements year-on-year if I see it is about 121% growth. As I said earlier and with our new projects coming which are more of a higher margin projects as compared to earlier one. We are looking at a very positive momentum within our company with a good top line and a bottom line.



Aishwarya Suresh: And my last question is that we have heard about RISE four pillars that you mentioned the Company will follow, can you just elaborate on that and how is the company actually achieving the things mentioned?

Dhaval Ajmera: As we said our four pillars, that is Reinventing the wheels. We are looking at a lot of Innovations in terms of construction, in terms of business practices, in terms of solutions which can really help our efficiency grow higher we are also inspiring to see make the best of the buildings in terms of design where we make our customers, shareholders everyone really happy give them the best of the results in terms of our performance for sales and products, Supply creation to meet end users demand because for us apartments are our bread and butter and we want to ensure that we give the best quality apartments whether be it in our buildings, our facilities, our amenities and everything. We primarily as Ajmera we are a family driven company, we have a family culture today, we have three generations within the business. So, our values hold a very important role for us, and we want to continue to ensure that we do not leave our values beyond our growth of our company which will help us drive and grow more. So, these are the four prime pillars which we want to really grow which eventually helps us continue to grow for our customers, shareholders and primarily reduce our debt. These are the three other things which we really want to work for and obviously we are mentoring a lot of our internal employees and welfare programs for them which will motivate them to work harder for our 5x growth.

Moderator: Thank you. Ladies and gentlemen due to time constraints that was the last question for today. I now hand the conference over to Nitin Bavisi for closing comments.

Nitin Bavisi: Thank all for joining the call. I hope we have been able to answer the questions raised by you. In case if you need any clarification or any additional inputs or any suggestions you can get in touch with EY, our Investor Relation advisor. I wish all of you and your families safe times ahead. Thank you very much. Thank you.

Moderator: Thank you. 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 purpose)



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