

August 05, 2021

BSE Limited

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The National Stock Exchange of India Limited

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Ref: - BSE - Scrip Code: 533150, Scrip ID - GODREJPROP
BSE- Security Code - 959822 – Debt Segment
NSE - GODREJPROP

Sub: - **Transcript & Audio Recording of the conference call with the Investors/
Analysts**

Dear Sir/Madam,

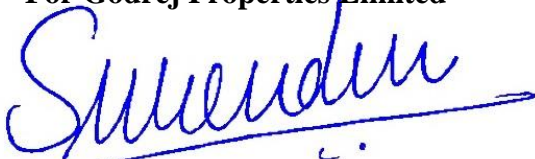
We enclose herewith transcript of the conference call with the Investors/ Analysts held on Tuesday, August 03, 2021.

Further, the Company has uploaded the Audio Recording of the conference call with the Investors/ Analysts for the benefit of members at large and the same can be accessed at [Investors - Financials & Presentations, Godrej Properties](#)

Thank you,

Yours truly,

For Godrej Properties Limited



Surender Varma
Company Secretary & Chief Legal Officer

Enclosed as above





Godrej Properties Limited

Q1 FY 2022 Earnings Conference Call Transcript

August 03, 2021

Moderator: Ladies and gentlemen good day and welcome to earnings conference call of Godrej Properties Limited. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you and over to you, Sir.

Anoop Poojari: Thank you. Good afternoon everyone and thank you for joining us on Godrej Properties Q1 FY 2022 Results Conference Call. We have with us Mr. Pirojsha Godrej, Executive Chairman; Mr. Mohit Malhotra, Managing Director and CEO; and Mr. Rajendra Khetawat, CFO of the company.

We would like to begin the call with opening remarks from the management, following which we will have the forum open for an interactive question-and-answer session.

Before we begin this call, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation e-mailed to you earlier.

I would now like to invite Pirojsha to make his opening remarks.

Pirojsha Godrej: Good afternoon, everyone. Thank you for joining us for Godrej Properties' First Quarter Financial Year 2022 Conference Call. I will begin by discussing the highlights of the quarter, and we then look forward to taking your questions and suggestions.

I hope you and your families are staying safe and doing well. The second wave of COVID-19 has been devastating for our country and it's affected each one of us in some way. I would like to take this opportunity to convey my deepest condolences to those who have lost loved ones.

In May we halted all work in Godrej Properties for a 5-day period to provide our team members the space to recover from the tragedy that surrounded us. We have now been able to administer the first dose of vaccine to all of our employees as well as to other stakeholders such as our customers and the construction workers at our site. We expect to be able to administer the second dose by the end of the current quarter.

After a strong close to the last financial year, we had a very weak start to the new financial year. The total value of bookings in the 1st Quarter stood at Rs. 497 crore



through the sale of 655 homes with a total area of 0.7 million square feet. This was our lowest quarterly sales since 2017. Most of our planned launches got postponed due to delays in regulatory approvals as a result of the regional lockdown restrictions. We also did not aggressively launch sales schemes as we had in the first quarter of the previous financial year as we believe the context this year to be quite different. Unlike last year, when we didn't know whether we would have successful vaccines or how long they would take to develop or what consumers disposition towards real estate purchases would be, this year we have answers to these questions and fortunately, the answers are encouraging.

GPL had its best ever annual sales last year despite the pandemic due to very strong momentum for residential real estate demand in the second half of the year. Buyers were driven by the increased desire to pursue the security and comfort of home ownership in greatly uncertain times. They were also driven by record low mortgage rates and the highest ever levels of affordability for real estate. These positive factors all continue to be in place, and we expect a considerable improvement in the business environment from the current quarter of this financial year. Already sales in June and July have been 384% higher than those in April and May. Given our exciting launch pipeline, we remain confident of a strong sales performance both in the rest of this financial year, as well as in the current quarter. It was encouraging to note that despite the severity of the second wave and concerns on the impact of work-from-home on commercial real estate, we were able to lease over 1 Lac square feet of office space in Godrej Two in the first quarter.

On the operations front, construction activity continued on most sites during the lockdown period, albeit at a somewhat slower pace. Unlike last year, we managed to retain most construction workers at our sites and the workforce strength at the end of the first quarter stood at an all-time high which will allow us to deliver strong construction progress in the remainder of the year. The gross collections for the quarter were relatively better compared to the same period last year and stood at Rs. 1201 crore as compared to Rs. 446 crore in the first quarter of last year. We expect collections to meaningfully improve in subsequent quarters with a pickup in construction activity across our sites. As a result of lower project completions during the quarter, our revenues were extremely low at Rs. 232 crore. Our adjusted EBITDA stood at Rs. 84 crore and net profit at Rs. 17 crore.

From a business development perspective while we didn't announce any new project during the quarter, it has been a busy quarter with a significant number of large new project discussions progressing well. We hope to have several positive announcements on the business development front in the quarters ahead. We exited one of our upcoming projects in Ambarnath on the outskirts of Mumbai due to regulatory approvals not being procured by the joint venture partner within the required timelines.

I also want to update the investor community on a recent setback at one of our projects in Bangalore where the Honorable National Green Tribunal has quashed our environmental clearance rendering the project's future uncertain. We have now had the opportunity to review the Honorable NGT order in detail and disagree with its conclusions. Multiple committees established by the NGT itself have previously investigated the facts and conclusively found no wrongdoing. The current order does not take full cognizance of these findings. Notably the issue of adequate buffers being left from the lake as mandated by the Honorable Supreme Court order of 2015 was proven in our favor by the committee set up by the NGT indicating that the development would not in fact adversely impact the lake or its surrounding ecosystem. The lack of predictability in the planning process with various government agencies, contradicting each other has a hugely deleterious impact on India's sustainable economic growth in a project of this type where there are a

number of stakeholders including customers and construction workers this does not affect only developer but also has significant negative impact on a broader set of stakeholders. We certainly reiterate that as a responsible corporate, we follow all the concerned regulations and are confident of our compliance in this project. The Godrej Group has been extremely focused on environmental protection and enhancement for many decades. The group has maintained and preserved one of the largest parcels of mangroves in Vikhroli and Godrej Properties has recently been ranked number one globally by the Global Real Estate Sustainability benchmark for its sustainability practices. We ensure all of our developments are third party certified green developments and have in no way breached our focus on sustainable development with the project in question. This order we believe is incorrect on the facts and detrimental to the sustainable development of Indian cities. We are in the process of challenging the said order and are hopeful that the Honorable Supreme Court will reverse this judgment. We will certainly come back as soon as we have any further updates on this.

While the quarter gone by has been extremely challenging for this sector, we believe this was a short-lived pause to the recovery that was underway in the sector during the second half of last financial year. We look forward to a much stronger operating performance in the remainder of the year and expect even the second quarter to see much-much improved momentum from the one that was just completed.

On that note I conclude my remarks. I would like to thank you all for joining us on the call. We will now be very happy to discuss any questions, comments, or suggestions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Girish Choudhary from Spark Capital Advisors Pvt. Ltd.

Girish Choudhary: A couple of questions, firstly on the sales trajectory last year we did see a strong comeback and posting a 14% growth and this quarter has been soft, so how should we look like at FY22 in terms of growth expectations considering what you have in launch pipeline and then also some bit on the sustenance phase?

Pirojsha Godrej: Girish overall, we should expect a pretty strong year we think. The first quarter was certainly very weak as we already discussed and that was largely April and May. June was more than two-thirds of the sales in the quarter. So, I think already what we are seeing in July and June is quite encouraging. We have a large number of launches, not just in the later part of the year, but even in the current quarter. So, we think we would be back to kind of the second half of last year momentum even this quarter. And of course, we will hope we continue to build on that. We had guided at the start of the year that we were quite hopeful of at least exceeding last year's number. We have been given the hit that the second wave has introduced, and we remain pretty confident on delivering that and hopefully we can have some good growth as well, but I think that will depend a little bit on launch approvals and so on. But I think as a base case, we should look at some growth over last year.

Girish Choudhary: Sure. My second question is on the project on the Godrej Reflections which you did comment that you are going to challenge this order. But just if you could share at a project level how much has been sold, collected and also the money spent on construction? And on what's the scheduled completion as per RERA for this project?

Rajendra Khetawat: We have sold around more than 532 units and we have collected somewhere around Rs. 571 crore. Customer collection is around Rs. 151 crore, unit sold is around 571. And the construction is hardly because we have done only the basement. So, we have spent a very nominal amount on the construction part. Majority is on account of land cost and a certain approval cost.

- Girish Choudhary:** And on the schedule completion?
- Rajendra Khetawat:** Schedule completion is still away, at least 2-2.5 years away. That's what the RERA timelines we have given at least 2.5 years away from today.
- Pirojsha Godrej:** But we also believe that if we are able to have the judgment reversed, this will count to sort of a force majeure for RERA timeline. But we are in the process obviously of discussing this with both our customers as well as our financial partners. We should also point out this project was done under our investment platform where Godrej Properties equity stake is 20%.
- Girish Choudhary:** Just the last question if I may, on the pricing environment any thoughts, what is happening here? Are you able to take price hikes in existing projects? If so, in any quantum, anything which you can share here?
- Mohit Malhotra:** Early days to give a guidance on pricing. But markets are started to improve and if things continue to pick up momentum, then hopefully next couple of months one can start looking at some kind of a pricing hike in the project. But as of now it's too early to comment on this. We will wait for another six months before we can take a firm view on this.
- Moderator:** The next question is from the line of Puneet from HSBC.
- Puneet:** Just dwelling a bit on the Godrej Reflections. Has NGT asked you to stop work or can you continue with that work?
- Pirojsha Godrej:** Work had been stopped already for quite some time. They have asked in fact that the project be demolished which we hope to get a stay against that order.
- Puneet:** When you file a suit against them, then will you be allowed anything, or will the status quo likely continue?
- Pirojsha Godrej:** Just the information for the last over a year the project has been at a stand-still while this case has been underway. So that status won't change. It will continue to be at a stand-still until the Supreme Court passes its judgment. Obviously if the Supreme Court reverses the judgment, then we will be able to continue construction and otherwise the project won't be able to take off.
- Puneet:** Secondly on your JDAs as you mentioned that a lot of JDAs have started moving. Can you comment a bit more on the quality of these JDAs whether the terms have improved, or we are at similar in nature before the pre-COVID second wave?
- Pirojsha Godrej:** I think the terms are quite attractive. Obviously, each project is different and it's difficult in some senses to generalize about them, but we are looking at a few different things. We are looking both at joint ventures as you pointed out, but also society redevelopment projects in Mumbai where there's some exciting discussions underway. We are looking at some land purchases where we think where we are coming in at a good value and with attractive payment term. So, generally I think things are looking quite attractive in terms of the terms we were able to get. I wouldn't say there's distress valuation or anything like that, but certainly we think there's some attractive opportunities out there and for us we think the timing is very interesting because most developers continue to be struggling with liquidity issues. After our recent QIP, we have a net cash position currently and do think it's a good time to be investing that capital and that land markets probably will start tightening a year or two from now. So, I think the more of it that we can get done within that 12-to-24-month timeframe, the better it will be.

- Puneet:** Are you targeting more lands versus the joint developments?
- Pirojsha Godrej:** I think it's quite a mix of all of these redevelopments, joint ventures, as well as outright land purchases.
- Puneet:** Can you give some guidance on what is the delivery plan for this year and likely construction spend?
- Rajendra Khetawat:** Puneet, majorly I think we are looking at completion of two of our plotted developments. One is at NCR Faridabad BPTP. And the second is what we are looking to get OC for our Bangalore plotted one. So, these would be the two major deliverables from a revenue recognition perspective. Obviously, in the regular course there would be other OC's which have been received, but from revenue recognition this would be two significant deliveries.
- Puneet:** And in terms of construction spends would this quarterly run rate likely to continue or will we face a little...?
- Rajendra Khetawat:** In fact, it would be better because I think the constructions are at a rapid pace so it would be better as compared to the previous quarter.
- Moderator:** The next question is from the line of Abhinav Sinha from Jefferies India Pvt. Ltd.
- Abhinav Sinha:** A couple of questions, so one on the launch side, I assume we did not have any launch in the first quarter, but has it improved already in July? And when you are talking about 2Q being similar as second half of last year, so what are we expecting from new launches in the near term?
- Pirojsha Godrej:** Yes, it has already gotten much better. I think on a very rough level, these are not exact numbers, but we had a little under 500 crore of sales in the first quarter of which about 300 was in June. July has been just under 500 again and we think August and September will be considerably be higher. We have a large number of launches planned. I think that our investor presentation lists out both the new phases and new projects. We have already launched a project in Pune. We are in this process this quarter of having more launches. So, we see pretty good visibility on that. Mohit, you want to add anything?
- Mohit Malhotra:** All the launches are going very strong. We have already launched the project in Bangalore, Pune seeing a very strong traction in both the projects. NCR, we have two projects getting launched this month. So, we are seeing a very strong traction across launches. We feel very comfortable that Q1 was more of a blip, and we should be back on track.
- Abhinav Sinha:** Which project in NCR? Is Ashok Vihar coming in this quarter or it is still second half?
- Mohit Malhotra:** We are looking at launching the phase two of our Central Noida project which is in Sector 43 Noida. And also, we are launching the phase 2 our Sohna project in Gurgaon.
- Abhinav Sinha:** Secondly, on the cash flow front, so we are looking at the net cash was negative about 340 odd crore this time. The ex of the business development spending, how are we looking at the cash flows for the remainder of the year?
- Mohit Malhotra:** We are looking to aggressively invest on construction site, because we feel that there is a disproportionate opportunity to invest in these projects, especially these projects

which are coming into revenue recognition so there's a lot of investment. But overall, if I have to give you a high-level picture, I think we will still be running on a positive cash flows or a breakeven kind of cash flows on operations. But the collections are going up significantly and so our construction outflow, so we are quite happy with that trend.

Moderator: The next question is from the line of Mohit Agarwal from India Infoline.

Mohit Agarwal: My first question is, Pirojsha in your letter to the shareholders in your Annual Report, you mentioned that going forward reported earnings will be a key component of the Management Incentive Program. Can you elaborate anything on how's the incentive structure looking now versus what it was previously?

Pirojsha Godrej: It's quite similar in some ways. But a few years ago, we thought that bringing reported earnings into the incentive system didn't make a lot of sense because the opportunities to deliver reported earnings with project completions for our newer projects being a while away, wouldn't really properly reflect operating performance. So, we focused entirely on what we call imputed metrics or imputed both earnings and return on capital, which we do think remain the most important metrics for a real estate company because they focus on things like booking value, margin enhancement and so on. But now I think with particularly next year a significant number of project deliveries happening, we do want to make sure that this translates into actual delivered accounting results. We have now got both the imputed metrics as well as the reported earnings into the Managerial Incentive System whereas earlier the reported earnings were not part of it.

Mohit Agarwal: Any guidance or any indicative targets on what kind of ROEs you are looking at in the next two to three years?

Pirojsha Godrej: I don't want to give a sort of earnings guidance which we prefer to stay away from given all the uncertainties inherent to the business. But certainly, the long-term target once we are able to deploy the capital we have raised and have the projects reach revenue recognition continues to be 20%. I think that's the kind of level we think is achievable given the opportunity, but we wouldn't comment on very short term. Clearly it will be a little bit subdued ROEs for a while given the scale of the capital raise, we completed, which added a very significant amount to our net worth and from which earnings will only follow once the investments are made, projects are added to the portfolio, projects are sold and actually fully delivered. So, that does create a little bit of a drag on reported earnings but we certainly expect to see very strongly improved absolute earnings momentum in the next few years. And that hopefully should give everyone confidence that we are on that right journey to a medium-term ROE goals.

Mohit Agarwal: My second question is with respect to our commercial strategy. Are we aggressively chasing entering into commercial projects? We have done one JV this quarter or we are just going to pursue them on an opportunistic basis? Just want your broad thoughts on that. Second part is, if you could share some details on the rentals and all on the Godrej Two leasing that we have done?

Pirojsha Godrej: On the commercial side, we have added quite a few projects recently. I think our thinking has been that it is useful for us as a company to maintain a foothold in commercial real estate. At the same time the earlier ways that we have developed commercial real estate trying to almost do it the same as a residential project and strata selling, etc., it clearly doesn't work, and we don't think is the appropriate way to develop commercial projects. The challenge is always that the scale of investment required for commercial projects is quite significant and something that could hamper our growth on the residential side which remains, of course, our number one priority.

So, the way we have tried to address that is to do commercial developments only in partnership with Godrej Fund Management and its institutional capital partners, where Godrej Properties stake in these projects is 20%, thereby limiting the total capital lock up that we need to put into these projects, but also allowing us to benefit from the long-term value creation that we think will unfold. It also improves returns versus an owned project through fees and things like that. And over a medium to long-term horizon, I think this could be a very interesting opportunity for the company to create a REIT to other such structure where Godrej Properties would have a minority stake, but in a pretty sizeable venture, as some of the REITs that have already listed are examples of somewhat similar structure. I think in the long-term we do think this will create value. It also allows us to look at some mixed-use developments and so on. But we are quite clear that we don't want to invest 100% on GPL's balance sheet in these projects, because that becomes in a very significant amount of capital. And your question on rentals I think I could be off by a few rupees, but I think the Godrej Two rental deal was at about Rs. 165 a square foot.

Moderator: The next question is from the line of Parikshit Kandpal from HDFC Securities Ltd.

Parikshit Kandpal: First question is on the land banking side. As you rightly pointed out earlier in the call that there are not many players who can write a big cheque in the current market. If I remember correctly last time, you had bought that 1300 crore land in Ashok Vihar. So, just wanted your ballpark sense on this PSU lands which are coming up, multiple PSUs are hiving of their land banks in prime places. So, are we comfortable writing a cheque as big as 1000 crore in this market and then you are looking at multiphase development kind of projects in this market, so if you can get some sense on that? And also, if you can touch up on the redevelopment opportunity, how big this could be for Godrej given some of your peers are looking to add some 8 to 10 projects every year in MMR, each should be doing of about 1000 crore, so how are you placing yourself in that market?

Pirojsha Godrej: I think the redevelopment opportunity we think is a very big one. We are certainly looking at it and we have some interesting deals at the advanced stage there. We think we have some strong advantages in this. For redevelopment in particular, customers are often or almost always leaving their homes for a period depending on the developer to provide them rent then coming back in. In our experience, trust plays an incredibly important role there. And I think we do believe we have some advantages there given the Godrej brand, given our own delivery history. So, we feel pretty good about being competitive in that market. On the scale of the deal, I think we are open to doing much bigger deals. We think it is the right stage for the company to make some of these big bets. Of course, the level of due diligence, the level of focus on really understanding the micro-market, getting those dynamics right, goes up as the capital quantum goes up. And the short answer would be yes, over the next couple of years we would expect to see some fairly significant transactions getting added to the company portfolio. I think on Mumbai, it is a very big market. Clearly there is opportunity for multiple players to grow and do well. If we were rating our own performance in Mumbai, we would honestly give ourselves a pretty low grade. Clearly, there is no reason for our sales in Mumbai to be at the levels that they are currently at given the scale of opportunity, given our market share, given the fact that even in markets that we have entered since then we have achieved greater scale. So, we have taken a look at where some of the areas we have not done well in Mumbai are. We have actually also recently rejigged our Mumbai management team. We have brought in a new CEO for the Mumbai zone, who has been in the role now for nearly about six months and laid down what we think is a fairly exciting vision for the next few years for Mumbai. So, certainly a good chunk of the capital we are investing we expect will go into Mumbai deals. And we would be disappointed if we do not see our scale in Mumbai very meaningfully increase over these next few years.

Parikshit Kandpal: My second question was as you pointed out on Mumbai, so Mumbai we see there are very limited number of players in the premium segment now. I can count it, not more than two to three players. And that has been the market where we have been seeing a limited presence for GPL. Though we have projects like Bandra and Worli, but I do not know what is the update on that projects considering on the forthcoming side. So, if you can just touch upon how are we positioning ourselves in that market like Central Mumbai premium projects, luxury projects. So, what is our strategy there and any update on the Worli and the Bandra project. So then, on these two projects I would like an update.

Pirojsha Godrej: I think Mumbai, a large part of the city lends itself very well to premium projects. So, as we scale our overall Mumbai business, I think some of that will be in mid-income housing. But a fair amount of it will also be in premium housing. We think there is very good opportunities and some of our own projects in that space like the Trees in Vikhroli have done quite well. So, we do want to scale up there. On Worli and Bandra, I think we certainly expect that these will come to the launch stage. But given the approval requirements of some of these slum redevelopment projects, we are quite dependent on our partner's performance in some areas. The projects have also moved at different paces, some have faced different sets of challenges, but our current expectation is that both of these projects will be launched. I think the exact timelines can be a little bit up in the air.

Parikshit Kandpal: Lastly, I wanted to know on this deployment of this cash. So, is it right to assume that over the next two year we will be deploying a large fund of this cash which is lying in the balance sheet?

Pirojsha Godrej: I think that is the goal. Obviously, we do not want to let the cash burn a hole in our pocket. We want to make sure we have the right deals, and we apply the right level of prudence and good judgement too. As I mentioned in response to one of the earlier questions, we think now is the right time to invest in land. So, I think it is quite likely that two years from now land markets will tighten if the overall market improves as we expect it will and more developers have a little bit of time to improve their balance sheets and have the opportunity to get more aggressive. I think if you look at the number of developers that are today in a position to look at business development opportunities with a bit of aggression, it is a very-very short list. So, I think it is the right time. We will push to do a lot in these next two years. But again obviously, we will also make sure we try to get as high-quality opportunities as possible.

Moderator: The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities Ltd.

Parvez Akhtar Qazi: Two questions from my side. One, with the housing demand pickup, is there a thought in the management about maybe venturing outside the four markets where we are present today to tap larger opportunities in the other cities? And the second, obviously land payments are contingent on our partners achieving a certain milestone. But what could be a probable trajectory for land capex going ahead this year?

Pirojsha Godrej: On this land capex, I think still we have a significant amount of cash that we think is available for investment. If we look at what we raised in the QIP and an appropriate amount of leverage, we think we have about a billion dollars that we can invest over the next few years. How much of that happens this year versus next year, versus the year after that, is really quite difficult to comment on because it depends on specific opportunities closing. But we would obviously like to see good momentum on that this year itself. Sorry, what was your first question again? The other cities. So, I think, we continue to think that the big opportunity for us is to deliver stronger growth and higher market shares in the cities we are in. We talked about, for example, Mumbai

where at sales of Rs. 1300 crore to Rs. 1500 crore in the past couple of years, we think there is a huge opportunity to very meaningfully take that up, we have a team in place, we have a good pipeline of projects to look at. So, I think that is probably, to us remains the low hanging fruit which is increased market share in the cities that we are in. But we are also interested in new cities in specific formats. So, for example, a market like Hyderabad, we are starting to take a look at again. We do not want to go into cities and just do a one-off project. And for certain types of residential projects, maybe things like plotted or very quick turnaround projects, we might even choose to look at a broader set of cities. But I think for group housing project, the focus for the next couple of years will remain these top markets and possibly something like a Hyderabad as well.

Moderator: The next question is from the line of Alpesh Thacker from Antique Stock Broking Ltd.

Alpesh Thacker: The first question is, have the JDA JV deals flow improved post second wave of COVID given the liquidity conditions for the smaller developers?

Mohit Malhotra: I think the deal flow has definitely improved and also the quality of deal flow, the sizes of opportunities have significantly gone up. So, yes multiple interesting opportunities have come to us post the second wave.

Alpesh Thacker: My second question is more from the strategy point of view. Can you please give me more color on the first quarter of FY22 performance? Mostly from the perspective that most developers were hit significantly during the first wave of COVID, and we were outliers, but this time the hit on the operational performance is quite visible. So, what could be the reason there? So was there any change of strategy or from the demand side that consumers were not moving out or doing a purchase. So, any color on that would be very helpful. So, that is it for my side.

Pirojsha Godrej: Yes. Obviously, we certainly did not want to have a poor operating quarter. But it was quite a conscious decision to not try to go for a very aggressively in the quarter. And the difference for us with Q1 of last financial year, as you rightly pointed out, we sold quite a bit more than any other developer in the country. But we think the context of these two waves was totally different. As I mentioned earlier, during the first wave last year, there was a huge amount of uncertainty in the first quarter. Nobody knew quite how bad COVID would get, whether we would have a vaccine, when we would have a vaccine, what the overall impact on the economy both globally and India would be, what the effect on property demand would be. And we thought it quite appropriate to be aggressive in getting as many sales locked in as we can. You might recall that we had launched sales schemes at the time of the type of 10-90, where they were a bit back ended to attract people to invest. As we saw it in the first quarter of this year, the context was quite different. First of all, in April and May things were obviously really bad. We wanted to not put a huge amount of pressure on employees for delivering operational outcomes. We wanted to give people the space to be with their families and take care of their loved ones. But equally we just also felt that it was quite clear that it was going to be short-lived. We had our own vaccination program rolled out from May onwards. The country is obviously rapidly vaccinating. The second wave itself we hopefully have created some level of protection given the severity of the spread during the wave. And we saw in the second half of last financial year, both in India and frankly anywhere in the world, what the impact on residential demand from this situation was, and that was that it had significantly increased residential demand. We also saw interest rates were very favorable. Overall economic conditions were quite likely to get much better post this first quarter. So, we said, what is the reason to try and have very aggressive sales schemes and give cashflow benefits, etc., to lock in some bookings, when we can probably do the same bookings a couple months later at more attractive terms to us. And frankly, so far that is playing out pretty much as we expected. As I said, while Q1 was our lowest

sales quarter in the last five years, we are quite hopeful that this quarter will be one of our best sales quarters ever. So, I think this one quarter to a next in real estate can be very different. We saw it last year, for example, where our lowest quarter in the year would have been about a 1000 crore sales and highest quarter, almost 3000. So, there is an ability when launches are present, when we want to get more aggressive, even on sustenance sales to very significantly pick up momentum. And we did not feel a need both in April and May from an employee wellbeing perspective and for the whole quarter from our analysis of how the rest of the year would likely play out, we did not feel the same need that we felt in the first quarter of the previous year to be quite aggressive.

- Moderator:** The next question is from the line of Manish Jain from GormalOne LLP.
- Manish Jain:** I had two questions. The first is, in the launch pipeline we still do not see any projects from Vikhroli. So, if you can give insights on that. And the second question was on plotted development projects, especially when we had two stellar projects last year both in Faridabad and Bangalore. Do we plan to pick this momentum up in the current and next year on plotted development?
- Pirojsha Godrej:** On plotted development yes, certainly we would like to increase the momentum there. So, hopefully we will be able to do that with some new project additions this year onwards. And as you rightly pointed out, the ones that we have launched so far, we think have done well. As Rajendra mentioned, a couple of these will also hopefully achieve completion this financial year. On Vikhroli, we remain in the same position that were, which is that for the larger land parcel several steps have to be taken before we will be ready to launch it. On the couple of parcels, we have identified, there have been specific issues with the DP that need to be sorted out and those are taking a bit of time. We hope to obviously bring them to market as soon as possible. But the rest of our Mumbai portfolio, I think we will also see a very significant announcement hopefully during the remainder of this financial year.
- Manish Jain:** I just had one follow-up question that, given that our time horizon is a little longer just this fiscal year, given that we have Bandra, Worli and maybe Vikhroli coming in full flow next year, would it be fair to assume that we will be able to have significant uplift in good sized, good value projects in next fiscal year from Mumbai?
- Pirojsha Godrej:** We certainly hope so, Manish.
- Moderator:** The next question is from the line of Aman Vij from Astute Investment Management Pvt. Ltd.
- Aman Vij:** I am asking for project updates on three of our projects. The first one is Devanahalli one in Bengaluru, the second is Godrej Palm Grove in Chennai and the third is Godrej Anandam in Nagpur.
- Mohit Malhotra:** We have two projects in Devanahalli. Are you talking about the plotted development?
- Aman Vij:** The one which we haven't got any update for the last 3-4 quarters.
- Mohit Malhotra:** So, that project we are in touch with our joint venture partner. We had signed that project a couple of years back and paid a very nominal amount and locked the 100-acre parcel. Now there was a positive development on that. There were some family issues which were happening in the joint venture site which has got resolved. So, that now has started to move on a positive direction. The other one you mentioned was Palm Grove and the third one you said Anandam, on Godrej Anandam the project was stuck for approval for many years. Now we are in a process of

renegotiating with the JV partner, because the old terms don't make sense anymore. So, we are evaluating that project from that perspective. Godrej Palm Grove, Rajendra you want to update?

Rajendra Khetawat: Godrej Palm Grove in fact, we have only few inventory left out, so that we are looking to liquidate. We don't have any plans to develop further. In fact, we are looking to exit from that project, and we will be doing it very soon.

Aman Vij: My second question is a little bit on the longer term. So, we have progressed very well in the last five years. We used to do 10 projects/phases a year 4-5 years back, which has moved to 35-40 projects. Booking value has moved to 6700 crore. So, my question is, say whenever we reach that 12,000-15,000 crore of booking value, does the number of projects or phases have to scale in proportion like 35-40 projects which we are doing say 2021 has to scale to 70-80-100 projects or do you think this the size will have to become much bigger going forward for us?

Mohit Malhotra: I think it's not a direct correlation between the project sizes going up, the number of projects going up, because as we add more high value projects in the portfolio, like we have been doing, like we signed Ashok Vihar in Delhi, we have signed something in South Estate again in Delhi, or in Mumbai we are looking at Worli, Bandra and some of these high value item projects. So, I think it's not going to be that direct correlation, but yes, the number of projects will continue to go up as we grow as a business. We don't see any constraint on adding more projects or developing them at all right now.

Aman Vij: My final question is, we have talked about the new regional hires of MMR Pune, Bangalore, and NCR regions. Could you give us some names because I was not able to find who are these people?

Mohit Malhotra: You want names of the people?

Aman Vij: Yes. Or whatever information you can give.

Mohit Malhotra: See, we have Gaurav who leads our North business, Uday leads our South business, Priyansh leads our Mumbai business and Aman leads our Eastern business. And all of these have been with company for more than five years plus, some of them have been with the company for many years. Priyansh, of course, has rejoined us, but before that he was with company for a very long period of time.

Moderator: Next question is from the line of Kunal Lakhan from CLSA India Pvt. Ltd.

Kunal Lakhan: My first question is on; we have been clocking pre-sales of upwards of say 4,000 or 5,000 crore per annum for the last four to five years now. And I believe we should have seen our revenues converging close to those pre-sales that we did four to five years back, but we haven't seen that happen yet. So, when can we expect to recognize revenues which are in line with your historical sales?

Pirojsha Godrej: So, in a way think that you have to keep in mind the accounting standard where joint venture projects have a very different treatment and often a single line item, so the revenues will actually never match the booking value for those projects. But as you have also seen that the number of projects in which we have an outright ownership or area share or those sorts of structures has also increased. So, we do think reported revenues will meaningfully increase. But honestly, to us that is not a very meaningful number to track because it's more a derivation of the accounting rules for the project. So, I think we will continue to track booking value as well as obviously the profitability measures such as reported earnings and so on. But reported revenue

isn't a particularly important metric in our mind but will see a significant increase given the improved proportion on the projects versus joint ventures.

Kunal Lakhan: Just a follow-up on that, Rajendra if you can update on what is the unrecognized revenue sitting in the balance sheet?

Rajendra Khetawat: So, all the projects which has not reached revenue recognition, I don't have a number offhand. I can provide you that offline. But all the projects which we have started and not reached revenue recognition; the entire thing would be unrecognized actually. I can come with a number offline to you.

Kunal Lakhan: My second question was on the Mumbai projects, particularly the Worli slum rehab and the Bandra project, if you can give us a quick update on where we are in terms of approvals and when we will launch it, and then the launch timeline.

Mohit Malhotra: On Worli, the approvals are progressing quite well. There is one approval which is the CRZ approval which is where things are a little stuck because of issues between state and the center. So, we are waiting for that one approval. Once we get that things would start moving very fast in that project. It's been pending for very long period of time so it should come in quickly. Worli has been doing a pretty decent progress from an overall perspective. In terms of Bandra, the project has got delayed because of some of the issues which joint venture partners have been facing. But the way we have structured this deal is our revenue actually keeps going up with every quarter of delays. So actually, while we are not happy that project is getting delayed and we would have loved to launch it, but from a company's economic interest perspective, we are actually in a way compensated for this delay by getting higher share of revenues. And we remain very confident on this project, but again given the way situations have evolved on the joint venture partner side, one can expect a slightly more delay on that project. So, Worli should come in before Bandra for sure.

Moderator: The next question is from the line of Manish Agarwal from JM Financial Services Pvt. Ltd.

Manish Agarwal: My first question is related to Godrej Two, so what would be the current occupancy in the building and average rental per square feet basis?

Rajendra Khetawat: We have 40% leased out asset and the average lease rental is around 160 to 165.

Manish Agarwal: And we have 50% profit share in the area totally?

Rajendra Khetawat: It's a JV 50:50.

Manish Agarwal: Secondly, on the Indiranagar Bangalore project, what would be the rough timeline for the project and the capex which will be required? And what would be the funding mix debt equity for this particular JV?

Rajendra Khetawat: It's a JV with GFM, so it's a 20:80 JV and capex would be somewhere the land cost plus the construction cost, so the land cost would be somewhere in the tune of 500 to 600 odd crore and plus the normal whatever is the typical commercial construction cost. And the timeline would be three to four years.

Manish Agarwal: And the project mix debt equity would be roughly?

- Rajendra Khetawat:** Debt equity would be 1:1 is what, obviously we are seeing commercial slightly higher is also possible. But we would like to stick it to 1:1.
- Manish Agarwal:** And going forward opportunistically would we like to scale up on such commercial projects?
- Rajendra Khetawat:** I think Pirojsha answered that before. So, selectively we will look at the marquee assets, like he said because there is always an opportunity to do a REIT and do an exit although our portion is a marginal 20% but then when this assets are commercialized and operationalized, there would be a good market and the 20% value would be a substantial value.
- Moderator:** Next question is from the line of Venkat Samala from Tata Asset Management Ltd.
- Venkat Samala:** Just wanted to get a clarification, this time the sales that we did, did it have any element of the subvention schemes in it?
- Pirojsha Godrej:** No, most of these sales were on regular payment plan. But obviously at the project level that are different plans rolled out from time to time. But unlike last time, the first quarter of last financial year where we had rolled out large pan India payment plans, that has been relatively much more limited this time.
- Venkat Samala:** And the reason that I ask that is I keep seeing these advertisements with helping hand incentive. So, I am just trying to understand if at all that even we think in terms of the contribution to the sales?
- Mohit Malhotra:** See, helping hand is more of a sourcing tool. But the payment plans are not being offered and there are some special payment plans we have for international market and for very few specific projects for very limited inventory, but it's largely a sourcing tool rather than a closing tool, unlike last year where almost 80% to 90% of sales happened through these subvention plans. Right now, they would be at a 10%-15% kind of number. And again, at the project level, it's obviously varies.
- Venkat Samala:** One last question from my end is, if I look at slide 23 of the presentation, the other project related outflow this time seems to be a little higher at around 6.6 billion. We used to usually clock between 4-4.5 billion? So, anything you would like to highlight? And going forward how this could trend?
- Rajendra Khetawat:** So, what we have done is there is a DM Projects, so there is a cash inflow which has been, gross up if you see the footnote, so we have included the gross collection of DM Projects and other project related also includes the outflow towards the JVP share.
- Venkat Samala:** Understood. So, the collection and the outflow is directly linked to whatever you would be collecting on a gross level from the DM Projects.
- Mohit Malhotra:** Correct.
- Moderator:** Thank you very much. Ladies and gentlemen, I now hand the conference over to the management for closing comments.
- Pirojsha Godrej:** I hope we have been able to answer all your questions. If you have any further questions or would like any additional information, we would be happy to be of assistance. On behalf of all of us, I once again thank you for taking the time to join us today.

Moderator:

Thank you very much. On behalf of Godrej Properties Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.