

Ajmera Realty & Infra India Limited

Regd. Office: "Citi Mall", 2nd Floor, Link Road, Andheri (West), Mumbai 400 053

Tel.: +91-22-6698 4000 Fax: +91-22-2632 5902 • Email: investors@ajmera.com • Website: www.aril.co.in

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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 3rd August, 2021 on the Unaudited Standalone and Consolidated Financial Results of the Company for the first quarter ended 30th June, 2021.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For AJMERA REALTY & INFRA INDIA LIMITED

HARSHINI D. AJMERA
COMPLIANCE OFFICER
Encl: As above



AJMERA REALTY & INFRA INDIA LIMITED

Q1-FY22 Earnings Conference Call

August 03, 2021

Management: MR.DHAVAL AJMERA - DIRECTOR,

MR. NITIN BAVISI - CHIEF FINANCIAL OFFICER



Moderator:

Ladies and gentlemen, good day and welcome to Ajmera Realty & Infra India Limited Q1 FY2022 Earnings Conference Call. We would like to thank you all for joining us today to discuss our company's earnings conference call for the 1st quarter ended 30th June 2021. The financial statements, press release, and investor presentations are available in our filings with the stock exchange as well as on the investor relations section of our website www.aril.co.in. Today, on the call, we have with us our Director Mr. Dhaval Ajmera and Chief Financial Officer Mr. Nitin Bavisi who will give you a brief overview of the company's performance which will be followed by the Q&A session.

Before we proceed, kindly note, any specific revenue or earnings guidance and anything said on this call which reflects our outlook for the future or which can be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

Please note, all the participants' 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 for an operator by pressing '*' then '0' on your touch-tone phone.

Let me now invite Mr. Dhaval Ajmera to talk about our results. Over to you, Mr. Dhaval.

Dhaval Ajmera:

Good afternoon everyone. Firstly, thank you very much for joining us for our Earnings Conference Call for the 1st quarter of fiscal year 2022. I am pleased to inform you all that overall scenario with respect to business in the 1st quarter of the financial year 2022 has been better as compared to the last year of our company. It has given a very good and a positive momentum as a start in terms of the results for the 1st quarter.

Obviously, the entire country has seen a lot of ups and downs with this pandemic coming in and then where we are in a second lockdown which was part of the first 3 months of the quarter and obviously the 2 months which were on the complete lockdown, but still we believe that in spite of these lockdowns being there, we experienced good demand for residential, we have witnessed and seen in terms of enquiries, in terms of interest, and people have really shown that kind of interest for buying of apartments and offices in this quarter. So, slowly and steadily, we feel that normalcy is coming back, and we are seeing that post unlocking of restrictions, we are witnessing transactions in buyers' interest in all our projects. Obviously, with all these interests coming in, there are different factors also which are actually pushing those decisions such as declining interest rates, customers' preferences to move from smaller flats to bigger ones with better amenities, preferences of brands and track-record driven developers have spurred the demand for residential properties. While this demand, we believe, could have been even more had the stamp duty concessions being extended further which would have pushed the sales even more, but nevertheless, in spite of these stamp duty concessions not being around, we have witnessed a good demand in our sales.



With reference to our company, I am pleased to inform that we have been able to sustain our performance during this fiscal year 2021 and we have successfully continued with our robust growth performance during the first quarter of fiscal year 2022. We have reported growth on all parameters – be it Sales, EBITDA, PAT, and Debt reduction – during the 1st quarter results of fiscal 2022. This continues with our theme which we started during our last conference call of Q4 FY 2021s that our company is gaining and successfully moving towards RISE. I am very pleased to inform that we are really pushing our company towards that growth factor.

Our financial performance of Q1 fiscal year 2022 is in line with the guidelines that we shared during the previous earnings conference call of achieving robust and healthy financial results and would like to reiterate that we expect to sustain robust growth performance for the fiscal year 2022. Our group approach for evaluating and acquiring new lands and projects is in lines with our fundamental principles and according to us which is suitable for the project, for the market, and of course for the company at large. This has been among the key factors that enabled us to sustain growth and profitability during the fiscal year 2022 despite of the challenging scenario.

My endeavor will be to bring business updates for the quarter gone by before we deep dive into financial sections. I would like to give you a small update about what we have done over the past quarter. As you know that during the last quarter of fiscal year 2021, we announced 3 projects which were worth around 500 crores and in different parts of Mumbai and Bengaluru and I am very pleased to say that we are progressing well and our execution is on time and in fact actually before time, and we have also seen sales in these projects in the 1st quarter of fiscal year 2022. We are on track for project executions which are on the verge of completions, i.e., 3 projects in Mumbai and 1 in Bengaluru are at advanced stages of completion basket, and hence further sharpening the revenue visibility as we indicated in our last earnings call.

Also, we are pleased to inform that we are very well focused on bringing more visibility of our new launches as we had announced that we are going to launch 4 new projects in this year and I am very pleased to say that one of the main projects out of the four which we are going to launch this year is about 0.8 million square feet of our development in Wadala and it is under the approval process. Out of the 1.5 million square feet which we had told that we will launch, 0.8 million square feet is this one project which has a top line of 1500 crores and a very attractive EBITDA margin of around 40% as per our estimates.

Our growth in the first quarter fiscal year 2022 has been the outcome of our strategic initiative RISE which is pedestal of 4 pillars representing each word, i.e., R is reinventing the wheel and evolving with new times, I is initiating new strategies and trying to get new projects and new things which can help us growing our company, S is supply creation of new projects, and E is example and exemplified strength of family and unity which is our core of all these 4 pillars. We in this regard to reinventing the wheel and striving the new normal believe that flexible options for residential and commercial buyers is key towards becoming a preferred developer



in the new normal. COVID pandemic has changed preferences and shifted demand towards customizing solutions and offering never-heard-before ideas in the real estate space.

With reference to residential properties, people have realized the importance of working remotely and the fact that they spend 3 to 4 hours on commuting from home to office have led people to probably buy spaces nearby to their workplaces or probably take up small boutique offices where they have the flexibility of probably working from a small space and also being very near to their own home.

With reference to commercial organizations, we are seeing that they are moving towards hybrid work culture which has also helped them to curtail the sizes of offices giving way to commercial models which are co-commercial workspaces of any organizations. They have less restrictions and they have basically small office but at the same time we see that while the country evolves towards a new normal once things are settled with this vaccination drive, we see that there will be different scenarios and demand for office spaces in coming times and definitely commercial transactions and office demand are going to be on a great drive in the coming year.

With all this, what we see is that overall the demand for real estate in spite of no attractive reduction in stamp duty from the government which was available up until March of 2021, still we have seen good demand coming up from the markets and also we are now witnessing a good number of enquiries for a long term for commercial transactions in the coming year. With all this, what we see is that the pre-COVID era where the millennials were always preferring to stay in rental houses, there we are seeing a shift which is coming towards buying their own space, having their own investment, and cutting down on the rental cost, which is giving them a security of asset as well as their own space. This is the major shift which we are seeing, and I feel this will continue to move forward as slowly and steadily India continues to rise towards this growth, and having an own asset is the major thing which probably every Indian follows.

We are committed toward creating value in all our engagements with various stakeholders. Our journey towards rise to the occasion and persistence in making best efforts to surpass the expectation of all the stakeholders shall always remain paramount to us. As a company, we believe that real estate will continue to show a robust growth over the next few years and we are very well poised to leverage on this growth opportunity. Our belief is well reflected in our strong revenue visibility of FY22 and we see that what we had targeted last year and we are very hopeful and confident that we will reach our target of at least 1.5 to 1.7x of our top line from what we are as against FY2021 and this year we should be at least 1.5 to 1.7x in this years. So, we are very confident about our robust growth and our margins will continue to rise from where they are.

For further financial details, now I would request our CFO Mr. Nitin Bavisi to please share some financial figures with everyone.



Nitin Bavisi:

Very good evening to everybody. At the outset, let me put up the perspective under which we are going to read and understand this financial results of the company. We have 2 comparable periods; one being YoY which is quarter one of FY21 which was being the 1st quarter under severe lockdown due to first wave of COVID-19 last year, second being trailing quarter which is quarter four of FY21 which has been another extreme which was full of activity period without much of the lockdown restrictions. With this backdrop, let me submit our unaudited consolidated numbers.

Firstly, let me take you through the financial numbers. Our total revenue for the quarter one FY22 stood at Rs. 136 crores as against Rs. 40 crores on YoY, i.e., quarter one FY21 and Rs. 80 crores on trailing quarter, i.e., quarter 4 FY21 comparison. We would like to highlight that revenue visibility which we demonstrated in our last earnings call for FY21 have begun with high growth – almost about 70% – compared to trailing quarter which was quarter four of FY21. The company reported EBITDA of around Rs. 34 crores in quarter one of FY22 as compared to Rs. 30 crores and Rs. 26 crores for quarter one of FY21 and quarter four of FY21 respectively. We continue to face headwinds of raw material input cost pressure enhance the numbers. Our PAT stood at around Rs. 11 crores quarter one of FY22 as compared to Rs. 2 crores and Rs. 12 crores quarter one of FY21 and quarter four of FY21 respectively. On YoY comparison, PAT is almost about 4.5x as that was in quarter one of FY21. However, taking indication towards future outlook based on this quarter's numbers, we believe that growth journey has begun as we submitted on our earnings call FY21.

On the operational front, we have further continued our march towards good performance. We have achieved sales of Rs. 111 crores from about 92,185 square feet sold over 61 units during quarter one of FY22. Further on sales advances, i.e., collection from customers stood at 109 crores in quarter one of FY22. On YoY comparison, Sq feet sold, sales value, and sales advances are at 1.9x, 2.4x, and 4.4x respectively. We continued our march towards deleveraging by repaying almost about 46 crores during the quarter one of FY22. On secured loans, we are almost on a one-time basis as compared to our net worth as on June 2021.

Let me take this opportunity to put up update on our promises. We have brought in strong visibility and revenue potential from our ongoing projects. Next one, we showcased our plans to launch about 1.5 million square feet in FY22. Let me inform you that a project at Mumbai measuring about 8 lakh square feet is on its track with approval process undergoing and about 1.5 lakh square feet project at Mumbai on its schedule for expected launch in FY22. That makes almost about 1 million out of 1.5 million, as we projected for FY22. For other projects one each at Pune and Bengaluru, we maintained our estimate for its launch in FY22.

We are progressing well with our regulatory process at NCLT. Hearing is expected in next about 45 to 60 days for our demerger proposal for 6.5 acres land parcel into our WOS with about 3 million square feet commercial development potential.



Thank you very much for your patient hearing, and I now hand over the platform for the Q&A session.

Moderator: Ladies and gentlemen, we will now begin the question & answer session. We have our first question from the line of Amanjeet Singh from Oculus Capital. Please go ahead.

Amanjeet Singh: Just one clarification; in your investor presentation, you have put upcoming project's revenue potential 2100. The Codename Wadala is 1500 out of that, right?

Dhaval Ajmera: Yes, it's part of that Rs. 2100 crores.

Amanjeet Singh: The asterisks you have put that totally 3 are the projects. Which are the 2 other projects that you have mentioned in this?

Dhaval Ajmera: Like we said, there are 4 projects – one is at Wadala, there is one more in Mumbai, one is Bengaluru, and one in Pune – totaling to 1.5 million.

Amanjeet Singh: My next question is on slide 32. You have mentioned that we are rising to evolve and grow. You have mentioned a number of discussions that are going on with the private equity firms – one for brownfield, one in Mumbai, and one in the international. Could you please shed some light or what level are these discussions or what is the potential from them?

Nitin Bavisi: As regards to we have the plans for 1.5 million square feet to launch, the another project which is at Mumbai, we are at a very active and advanced discussions for that particular project with an Indian private equity major. As we have explained on the last earnings call, we have demerger plans from our main balance sheet for the 6.5 acres land parcel into our wholly owned subsidiary. For that one, although the regulatory process is on with NCLT which is likely to take another 2-3 months kind of a time, but we are keeping our options and discussions open because at SPV level, we want to develop this 3 million commercial potential development with strategic partnerships. For that one, the second discussion is with international players as we mentioned in our investor presentation.

Amanjeet Singh: And the other one, sir, the project in Mumbai with Indian key player? This is what the international alliance that you are talking about. The other strategic partnerships?

Nitin Bavisi: We are working towards expanding our project portfolio because as you know that we are asset heavy in terms of existing land parcel which we have and we are likely to bring phase-wise development out of the land parcel. To complement this particular strategy, we are working towards JD/JDA/DMs positions for our new acquisitions and that particular piece is referring to that particular initiative.

Amanjeet Singh: So, the next phase of growth will probably come from those projects apart from the 4 projects that you have already announced in the presentation?



- Nitin Bavisi:** Yes, sir.
- Moderator:** The next question is from the line of Shanti Patel from Shanti Patel Investment. Please go ahead.
- Shanti Patel:** I wanted to know regarding Wadala project. When it is expected to start and when it is going to be completed? What about starting point and completion point of all these 4 projects so that revenue visibility of the current year will become clearer?
- Dhaval Ajmera:** Mr. Patel, the starting point of the first Wadala project would be somewhere last quarter this year between October to December where our permissions are already been applied and we are hoping that everything should be in order and we should be ready to launch by then. And it's about 8 lakh square feet of development which we expect to finish in at least 3 to 3.5 years' time considering everything being normal and no stoppages in terms of other issues like COVID. Hopefully, within this 3 to 3.5 years' time, we should be able to finish that.
- As far as the other projects are concerned, which is in Bengaluru one; it is also we should be able to launch towards the last quarter of this financial year, i.e., between January and March, and that is also about a 2-year horizon cycle. The Pune one also should be between January to March which is also about a 3-year horizon cycle. The other one in Mumbai is about 2 to 2.5 year horizon cycle starting between January to March. So, between January to March, we should be able to launch the other Mumbai one, Pune one, and the Bengaluru one which is on an average 2.5 to 3 year's horizon for completion.
- Shanti Patel:** It will be completed in phases and given the occupation or it will be completed in totality and given the possession?
- Dhaval Ajmera:** Yeah, with possession. When we say completion, it is with occupation certificate.
- Shanti Patel:** I agree with you, but it will be in phases? Means, it may not need 2-5 years and then the revenue will be recognized....
- Dhaval Ajmera:** No, we will launch the project and the revenue will start getting recognized from probably 3 months from when we start or 6 months from when we start basis the percentage completion method as per the income tax rules and that's how we will start recognizing the project. So, it will be let us say if I am starting in January, at max, June quarter, July quarter, we should be able to announce something or show some revenues from those projects.
- Moderator:** The next question is from the line of Abhishek Kapoor, an individual investor. Please go ahead.
- Abhishek Kapoor:** Congratulations on a good set of numbers. I have 2 queries; first that we have reduced the loan, but the finance cost has gone up in this quarter.



- Nitin Bavisi:** As you know that we have the PBT margin for FY21 which was around 11.5% and we have around 11% as we have the quarter one number. As you rightly mentioned that we have deleveraged our debt book, but this particular phenomenon is a recent one between October-December and January-March. This particular debt reduction is significantly into the Wadala market projects and where the loans are and there where the projects are at much advanced stage almost the cost incurred and hitting into the WIP and where this particular cost has already been incurred. As the projects are at such an advanced stage like 95% to 97%, whatever the budget and the revision into this savings, it will maybe effected as we move on and on the 100% completion of this project.
- Abhishek Kapoor:** No, sir. I have not understood. That is not the project level, but in overall, if we see the consolidated results, the finance cost has gone up. That means, overall debt including working capital and long term would have gone up, right?
- Nitin Bavisi:** The finance cost is most attributable to the project – construction finance. As I explained that we have these loans which are getting reduced based on the sales collection and as the projects are at an advanced stage of completion and hence the finance cost which we have incurred, which is we have on a proportionate basis from the WIP to cost allocation to P&L we have brought in as a part of the cost allocation as we have sold the inventory.
- Abhishek Kapoor:** Is it likely to come down in the next quarter? Can we say that?
- Nitin Bavisi:** Yes, as I mentioned that these are the projects at almost on completion – like 95%, 98%. So, we have significant inventory available in one of the projects as we know that inventory is getting sold out, the money is going to be collected and these particular loans are going to be repaid out of these sales advances. That will give better visibility. But as you rightly said, yeah, we are hopeful that by at least next 2 to 3 quarters, we should be completing these projects, bring the revenue to the book, and as well square off the entire loan book on this construction finance loans.
- Abhishek Kapoor:** My next question is on the land bank we have. I believe that we had some 100 acres in Wadala and some 57 acres in Kanjurmarg. How much we have used or how much we have completed projects on those lands? Kanjurmarg, I think we have not launched anything yet. But Wadala, how much we have consumed?
- Dhaval Ajmera:** Out of the 100 acres of land parcel which we have in Wadala where it was divided into one-third, one-third, and one-third. One-third was garden which was handed over to the government, one-third was already been developed earlier, and the balance one-third land which is around 35 to 40 acres is under consideration and under development out of which we have started development and we still have around, as per the current development rules, 6 to 6.5 million square feet of development potential pending.



Kanjurmarg is not yet started development. We are hoping to start soon and that is completely undone. So, the entire 57 acres is yet to be developed.

- Abhishek Kapoor:** I have one request also, sir, if you can include the land bank we have in the presentation.
- Dhaval Ajmera:** Done, alright.
- Moderator:** The next question is from the line of Amanjeet Singh from Oculus Capital. Please go ahead.
- Amanjeet Singh:** Sir, just wanted to check – last year in the whole year, we collected about Rs. 520 crores and that is in a COVID year and in this quarter, we have done about Rs. 109 crores. So, what can you guide, what will be the collections you think in this year FY22 and just in case if you have FY23 as well?
- Nitin Bavisi:** We have collected Rs. 520 crores and as you know that that was on the back of buoyant sales which we could clock between October to March which was with a good amount of demand coming back and as well the stamp duty concession which was helping us to get into this particular numbers. This quarter, we have collected almost around Rs. 109 crores and going forward, we are hopeful that this particular trend will continue because this particular quarter was full of challenge in terms of 2 months out of 3 months' quarter which was under lockdown restrictions. So, we are hopeful that going forward, this number on a quarter on quarter basis would be significantly higher than this one. Why I am saying so is because a couple of mid-sized projects – mid level of execution I mean to say – which are Sikova and Greenfinity, those projects are at significantly getting traction and we are happy to say that at Greenfinity which is an affordable housing project at Wadala, we have clocked a good amount of sales. As the execution progresses and we are ahead of this particular execution, this particular collection will start kicking in into our system as fast as possible.
- Amanjeet Singh:** Sir, my next question is on our debt. I believe our debt is about Rs. 700 crores right now, sir?
- Nitin Bavisi:** Exactly, Rs. 699 crores, yeah.
- Amanjeet Singh:** So, sir, I just wanted to check out, to develop all of these future..., are you planning for a more asset heavy or a asset light? In the sense, are we planning to take any more debt or are we trying to take more partners? I just wanted your perspective.
- Nitin Bavisi:** It's a multi strategy that where we have this kind of a project which is the next launch 8 lakh square feet at Mumbai, we are going with a plain vanilla fear. The strategic positions like private equity player we are getting into or one of the project launches at Mumbai market that is where we are getting into private equity money. It is a mix of as the project spikes and the dynamic demand.



- Amanjeet Singh:** Given your project visibility, what do you see your peak debt as? Do you think that it will stay around these levels if you can give your perspective on that?
- Nitin Bavisi:** As we speak, we have 1.5 million square feet to launch and this particular 8 lakh square feet will have a leverage requirement of around Rs. 300 to Rs. 320 crores. Another project has almost about Rs.50 to Rs. 70 crores kind of a requirement. This is the scale of the project and the location of the project which will determine the kind of construction finance requirement and the debt leverage as we move forward.
- Amanjeet Singh:** Sir, the gentleman before me asked one question. You said, out of the Wadala 100 acres, one-third is given to the government, one-third is already earlier developed fully, and the last one-third is what you are working upon, right?
- Dhaval Ajmera:** Yes,. which is having a total potential of 6.5 million square feet.
- Amanjeet Singh:** Further, which is not yet booked in revenue, right?
- Dhaval Ajmera:** No, not yet.
- Amanjeet Singh:** Does this include the commercial project also which you were mentioning?
- Dhaval Ajmera:** Yes.
- Moderator:** The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Sir, a couple of questions. In your presentation, we talk about this combined figure of advanced stage and under development stage of pre-sales and sales revenue from unsold inventory. What is the corresponding cost if any which is left to be incurred on these 2 projects, i.e., advanced stage project and under development project? Combined number should be okay.
- Nitin Bavisi:** As we speak, we have balance cost to spend for Wadala particular project is around Rs. 40 crores, and at the Bengaluru market, we have around Rs. 220 crores as the balance cost to spend.
- Pritesh Chheda:** So, about Rs. 260 crores is what needs to be spent for our total of about let us say Rs. 693 + 300, so about Rs. 1000 crore odd versus that Rs. 260 crores is to be spent?
- Nitin Bavisi:** Yes, sir.
- Pritesh Chheda:** And this Rs. 2100 crores sales potential, this includes the 8 lakh square feet of the JV development which you are planning for Wadala, it doesn't include that?



- Dhaval Ajmera:** No, there is no JV development. That is our own development within the land parcel of Wadala what we have.
- Pritesh Chheda:** The 8,00,000 square feet.... The 1.5 million of launches or incremental projects that you are talking about, that includes this 8,00,000 of Wadala, right?
- Dhaval Ajmera:** That includes 8,00,000, yes.
- Pritesh Chheda:** What are the timelines on these 2 projects – the bigger one which is 8,00,000 and the other bigger project?
- Dhaval Ajmera:** As I said earlier, we plan to get all the approvals and everything towards the last quarter of this year, i.e., October to December and launch it during that time. And the other one should be between January to March next year 2022. Timeline for the Wadala one should be 3-.5 years and the other one should be between 2-.5 to 3 years.
- Pritesh Chheda:** The launch is in quarter 4 is what is planned, right?
- Dhaval Ajmera:** Yes.
- Pritesh Chheda:** What will your peak debt look like? My guess is your peak debt would be something which will be visible a year from now because of these launches or year and a half or let us say 2 years. So, what should be your peak debt versus what is shown here at about 650 odd crores in the presentation?
- Nitin Bavisi:** As I explained that, this Rs. 699 crores wherein a couple of projects which are at advanced stage of completion where the debt is getting depleting at an accelerated manner, that particular debt is going to repaid as we sell and collect the money from the customers. As we launch this Wadala project and the other Mumbai project, my estimate is Wadala project will have a leverage of around Rs. 300 crores to Rs. 320 crores and another project at Mumbai should be having a leverage of Rs. 50 crores to Rs. 70 crores. Both put together should be having the leverage of around, broadly speaking, Rs. 400 crores. As we move forward, this kind of new launches will have the project and cash flow based construction finance obligations on those projects would be the leverage position as we move forward.
- Dhaval Ajmera:** Overall as you say that there will be a reduction from the Rs. 700 crores and incremental from the new launches, to answer your question, our envisage is to keep probably this debt levels at under Rs. 500 crores odd levels but depends on how and when the project is launching or how we are going to move forward. That's where we are. We would have to take those calls but our guess would be between Rs. 500 to Rs. 700 crores should be the loan size going forward – even reduction and adding new ones as well.
- Pritesh Chheda:** What is the margin possible on this 2100 crore of sales potential?



- Nitin Bavisi:** This particular potential of 8 lakh square feet, we are seeing that at a project level, it should be EBITDA of around 40% plus as project margin. The other projects like Greenfinity which is the affordable housing project should be having around 20% to 25%. As we undertake more projects, overall at entity level, the economies of scale also will kick in and we should see a margin traction going forward.
- Pritesh Chheda:** But out of that Rs. 2100 crores, I think bulk of it should be the Wadala project, right? I think about Rs. 1500 to Rs. 1600 crores easily should be the Wadala project.
- Dhaval Ajmera:** Yes, about Rs. 1500 odd crores should be from Wadala and the balance Rs. 600 crores will be from other projects.
- Nitin Bavisi:** That is what the revenue visibility which we are bringing. One project which we are targeting should be having the revenue visibility of almost about 75% of our project launches of FY22.
- Pritesh Chheda:** Is there any other avenue or option available with us for a faster drawdown or reduction of the debt that is there on the balance sheet?
- Dhaval Ajmera:** If you look at the entire debt at the balance sheet, our endeavor is to reduce it as soon as possible, but of course, it will happen through sales and that's where we are envisaging that we will have an accelerated reduction for our existing debt from our sales which are happening. As we told you, we already have around Rs. 300 odd crores of ready-to-move-in inventory or almost-ready inventory which will capitalize this year. So, major part of it will go in debt reduction of that. And coming forward with new projects coming in, obviously the debt would be for working capital requirements because today the basic reasons for us to probably continue with some debt is because if you look at the Wadala project which we are going to do, that one where we have higher margins is because we have the opportunity to pay the premium – the opportunity given by the Government of Maharashtra – which is at a discounted rate of 50%. If we pay this up before December, we are having a good saving in premiums from our premium cost which will help us in incremental of our profit margins. Definitely that will require us to take debt because by paying off Rs. 150 to Rs. 180 crores towards premium will help us secure the project completely, get the entire permissions, and also secure a better profit margin. So, definitely we would have to take loan. It's a cyclical opportunity which we need to look into and probably take some call. Obviously, there will be reductions in one hand but probably incremental working capital requirement for the other projects.
- Moderator:** The next question is from the line of Amanjeet Singh from Oculus Capital. Please go ahead.
- Amanjeet Singh:** Just one follow-up. For the 8 lakh square feet project, you had said that you are looking at an international alliance, right? That is this same project?



- Dhaval Ajmera:** We are in discussions with a few private equity investors and fund houses but nothing has concluded as of now. Nevertheless, we would be going ahead with the project and concluding all the permissions and everything.
- Amanjeet Singh:** In case, that money does come in, then you would not require the leverage of 300 to 320 cores, right?
- Dhaval Ajmera:** Some part of it would be leverage. Primarily it would be leveraged loan or discussion. So, definitely it would have leverage.
- Moderator:** The next question is from the line of Abhishek Kapoor, an individual investor. Please go ahead.
- Abhishek Kapoor:** Sir, one question; it's a little bit old, maybe you wouldn't be able to recall it quickly. In the last conference call, some gentleman had asked on the consolidated balance sheet. There was loan visible of some Rs. 400 crores. You had told him that you would check and revert. Is it possible to advise what was that loan actually shown?
- Nitin Bavisi:** As we explained, to this gentleman over a couple of calls and we uploaded our clarification to the stock exchange as well. These are the step-down non-corporate entities to this particular loans which we have granted and those loans are more for the growth pipeline which we have been creating, and we should see that those projects will be coming into our **fold** as and when it matures and it will come to the development. That is the kind of advances which the clarification and submissions now also.
- Abhishek Kapoor:** Can we say that these loans will be converted into land parcels or some projects eventually going forward this year?
- Nitin Bavisi:** Yes, because to get into particularly acquisition, we are using this particular modality to not to exposure the main listed balance sheet and have the step down non-corporate entities to utilize for the acquisition.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Dhaval Ajmera:** I would like to thank each and every one of you for sparing some time and coming and listening towards our earnings conference call. As we mentioned, our company is very much focused towards the RISE of our company and we would ensure that we will surpass all our expectations and move towards a great growth cycle in the coming fiscal year 21-22 and even going forward. We look forward to meeting you again over our next conference call soon. And we hope everyone stays safe, please take care. I am looking forward to meeting you all soon. Thank you.
- Nitin Bavisi:** Thank you everybody.



Moderator: On behalf of Ajmera Realty & Infra India Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

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