Ajmera Realty & Infra India Limited

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AJMERA
Built on Trust

Ref: SEC/ARIIL/BSE-NSE/2023-24 Date: July 31, 2023

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<u>Sub: Transcript of the Earnings Call</u>

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Transcript of Earnings Call held on July 26, 2023 on the Unaudited Financial Results of the Company for First Quarter ended June 30, 2023.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For AJMERA REALTY & INFRA INDIA LIMITED

NITIN DINESHCHANDRA BAVISI

Digitally signed by NITIN DINESHCHANDRA BAVISI
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NITIN BAVISI
CHIEF FINANCIAL OFFICER

Encl.: As above

Ajmera Realty & Infra India Limited
Q1 FY24 Earnings Conference Call”

July 26, 2023

MANAGEMENT: **MR. DHAVAL AJMERA - DIRECTOR**
MR. NITIN BAVISI – CFO
MS. SONIA AGARWAL – SR. MANAGER - IR

Moderator: Ladies and gentlemen, good evening and welcome to Ajmera Realty & Infra India Limited Q1 FY '24 Earnings Conference Call.

We have with us today Mr. Dhaval Ajmera – the director of the company, Mr. Nitin Bavisi – the Chief Financial Officer and Ms. Sonia Agarwal – the Senior Manager for Investor Relations.

Please note, all 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 Ms. Sonia Agarwal. Thank you and over to you, ma'am.

Sonia Agarwal: Thank you. Good evening everyone and a very warm welcome to all. On behalf of the company, I would like to thank you all for participating in Ajmera Realty & Infra India Limited Earning Call for first quarter of FY24.

The call will commence with the opening remarks where Director – Mr. Dhaval Ajmera and will be followed by the business performance discussion by our CFO Mr. Nitin Bavisi. We have already shared the operational updates of the quarter in the first week of July 2023. The investor presentation and the press release based on the financial results adopted by the Board have been uploaded on the Stock Exchange website and can be downloaded from our Company website as well.

Please do note that some of the statements in today's discussion may be forward looking in nature reflecting the company's outlook and may involve certain risks and uncertainties that the company may face.

I would now like to hand over the call to our Director, Mr. Dhaval Ajmera. Thank you and over to you, sir.

Dhaval Ajmera: Thank you, Sonia. Hello and good evening everyone. I hope everyone is having a good time and like us, I'm sure every one of us is really enjoying the way, the companies have been performing and India has been growing. We just hope that this continues, and we all are able to contribute to something or the other for our growing economy in India.

Just to give you a small backdrop about all whatever is happening across globally, India still stands out for its growth, potential and outlook, the economic outlook always looks very promising with growth rates of 5.9% in 2023 and estimated at 6.3% in 2024. With this, we are very confident that real estate is also one of the major contributors to our growth and we can definitely see with whatever is happening in our results and also to many real estate companies all across India.

I would also want to mention that, you know, with the 4.4% GDP growth rate, the nation is actually weathering to global economic headwinds. While the market remains resilient as Central Bank tightens monetary policies to target inflation levels, but still with all these options, we still see a good traction coming in real estate and just recently there has been news that the first half of the year from January to June 2023, the luxury market has really been on a upscale and has been on a growth of 50% year-on-year as compared to Jan to June 2023. So, this only shows customer confidence with the high demand especially in urban centers fueled by rising income levels, nuclear families, changing preferences and asking for better bigger homes is actually moving the demand up. So, this has been very encouraging.

I would like to now continue with our company's performance, which has been remarkably very strong as evidenced with this impressive performance in quarter one of FY24. As we all know we have done a sales value of approximately INR 225 crores where we achieved a remarkable 60% increase over the last quarter, sales volume have also increased and shown a growth performance of about 96% to 1,35,000 square feet. This positive outcome is a testimony to our successful execution and revamped sales strategy which we applied for our projects in Lugaano and Florenza in Bangalore and we also got a great sales velocity and launch for our project as Ajmera Eden in Ghatkopar. These were the two, I would say, major drivers for our growth success for this quarter.

Now coming to some exciting projects updates, I just want to start off with our flagship one Ajmera Manhattan, where we have sold and booked a value of about INR 656 crores, which is 45% of the inventory already sold and the project has also got significant interest from buyers. We have been having steady sales happening in this project and construction has also been equally moving at a good pace where we have already reached in Tower B to the ground level and Tower A is almost on the verge of completion at the basement level.

The Ajmera Greenfinity and Ajmera Sikova, our two other projects, the affordable project and the boutique office in Mumbai is also set to get completed and delivered in the quarter two of FY24 where we have about 84% and 89% of the respective projects' inventory already sold out. So, that projects have also been significantly completed and we are very sure by the time which is in the next over the next few months when we complete our project, we should be 100% sold out.

Ajmera Prive in Juhu, our luxury project has also done a great progress in terms of construction and we have already reached above ground and we are proceeding and finished almost completing third slab now. Impressively, the project has also seen 24% of its inventory being sold by the end of the quarter in addition to the Ajmera Eden project which we launched in mid-June and we have already sold 14% of its inventory.

The Bangalore market has also proven to be a key contributor for our growth this year, this quarter, making remarkable strides during the quarter. Our mid-luxury project Ajmera Nucleus is 96% sold and is expected to be completed by this fiscal year. Ajmera Lugaano and Ajmera Florenza, which contributed to 31% of our total sales value this quarter, has also seen a great result with our revamped sales strategy and they were actually contributed also towards 24% of our collection has come from these projects during this quarter.

The company is diligently focused on its expansion, its project pipeline across Mumbai markets in the coming months. As we have announced earlier during the year, we have a visibility of total of three more launches to come in, which includes development of our recently acquired project in Vikhroli and other Mumbai regions and the total estimated value of all these three projects put together is about INR 1,800 crores with approximately 9,00,000 square feet of carpet area to be sold.

Apart from our ongoing and upcoming projects, we also have a land bank of approximately 11.6 million square feet, which is in carpet terms approximately about 1.2 crore square feet in different parts of Mumbai and we are seeing a great potential coming out of this. Wadala which is our ongoing one and has a total potential of 3.65 million square feet of this development out of which 1.8 million is residential and balance is commercial. Obviously, these projects will come up in phase-wise manners as and how we start, you know, the demand picks in and we start selling significantly, we'll start launching these projects.

And moving ahead for the year FY24, we have set ourselves a target of achieving around INR 1,000 crores and I am pleased to share the INR 225 crores has already been achieved in this quarter. The phase development of our land bank and the market demand and consistently evaluating asset like JV, JDA models to target opportunities for lucrative acquisitions and our commitment to timely delivery is driven by ensuring executional efficiencies and I must say that, we are really immensely satisfied with what we have done and we would like to emphasize that the operational efficiency is further visible with faster execution, new launches as promised, launch velocity, mindful acquisitions and focussed sales strategy has all been the key contributors towards our growth strategy for our company in this financial year and the coming years and I am very sure this is also going to continue, this momentum is going to continue for the coming quarters as well.

I extend my heartfelt appreciation to entire team of Ajmera, its shareholders, the valued customers and for their continued support and trust which they laid on us and they gave us an inspiration to work faster, better and continue with our better efficiencies always. Together we are poised for a prosperous future reaffirming Ajmera Realty's position as a leading player in the real estate industry. Thank you all for joining us on this call.

I would now hand it over to our CFO – Mr. Nitin Bavisi to take you through the numbers and the operational performances for the quarter. Thank you.

Nitin Bavisi: Thank you, sir, and thank you, ladies and gentlemen, for joining this call. I would like to present some of the key performance highlights and then open the floor questions and suggestions from your side.

In the first quarter FY24, we witnessed a robust growth with sales value INR 225 crores representing 60% increase compared to the previous quarter. Volume-wise we achieved sales of 1,35,000 square feet on a carpet area basis, which is also a remarkable 96%, almost doubling as I said over the previous quarter and our collection stood at INR 111 crore, which is also a very stable performance.

During the quarter one FY24, we successfully implemented the revamped sales strategy for our Bangalore project and successful sales launch of Ajmera Eden, which collectively contributed more than half, precisely 53% of the total sales value, which were the key factors driving the overall operational numbers.

It is important to note that while positive and continued market sentiment contributed to this growth, year-on-year comparisons are not directly comparable due to the massive launch of Manhattan project last year and which we had the robust numbers coming from that particular launch as well.

Turning to the financial numbers, the first quarter of FY24 exhibited outstanding performance. Our revenue stood at INR 118 crores recording about 113% increase over quarter one that of FY23, which is year-on-year basis comparison. The EBITDA stood at INR 39 crore representing almost 112% jump over quarter one FY23.

Additionally, the PBT stood at INR 29 crore, which is also a remarkable 88% increase over quarter one FY23 and so is the case with the PAT, which is the very impressive growth, which is at INR 21 crores in absolute terms representing 82% increase that of quarter one FY23 I mean to say.

The strong EBITDA, PBT and PAT margin stood at 33%, 25% and 18% respectively, demonstrating the effectiveness of our strategies and contribution of our revenue eligible projects to the bottom line. We are confident in our ability to maintain this positive momentum and deliver strong financial numbers in the forward quarters.

We remain committed to deleveraging and improving our debt profile as well. Our efforts have been rewarding as evident in the debt-to-equity ratio which stood at 0.97:1, which is a significant improvement compared to 1.1:1 in Q1 FY23. Notably, this marks a significant milestone as it is the first time our debt-to-equity ratio has come down below 1x that of equity.

We are pleased to share that financial performance and overall credit profile improvement yielded as well into the reduction in our average cost of debt which is around 11.9% as compared to 13.7% as on March '23.

We are delighted to report a strong revenue visibility of approximately INR 3,960 crores encompassing of our existing project as well as upcoming launches. In the next 6-to-12-month projects at an advanced stage and those which have already received the occupation certification are expected to contribute almost INR 233 crore to our revenue and our mid-stage project, which are the set of the projects which are at a start or at the different life cycle of the project cycle which is going to estimate or contribute to about INR 1,900 crore to our revenue over the next 36 months.

The estimated net cash flow from the existing project portfolio are expected to be INR 980 crores reinforcing our strong financial performance and ensuring the successful execution of our growth strategy. This robust revenue visibility provides confidence in our ability to deliver sustained growth and value to our stakeholders.

The floor is now open for questions and further interactions. Thank you for your continued support.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Jeevan from Sahasrar Capital. Please go ahead.

Jeevan: There are a few questions, in the press release, we are saying that we will be able to achieve 5x the target by 2025. So, are you implying INR 2,000 crores sales value in 2025?

Dhaval Ajmera: So, if you look at the way we have grown over the last one or two years and if you look at our numbers and that is where we are slowly and steadily moving ahead. And this year we are launching three more projects which has sales value of about INR 1,800 – 1,900 crores and beyond this, our land bank as I said right now which is about 1.2 crore square feet, you know, obviously those from there also some projects will start coming in and definitely if we put in, add in all this, we are definitely on the growth path and we are very confident that we will achieve those 5x numbers by the time we have set.

Jeevan: So, the shortly are you saying INR 2,000 crore sales value in 2025?

Dhaval Ajmera: Well, 2025 is a number which I would wish and want to target, but we are aiming towards the 5x growth in the next five years starting FY22 onwards. So, within FY26, FY27, definitely we should be there.

Jeevan: Because in the press release, we have given 2025 specifically.

Dhaval Ajmera: So, let me explain that piece with the numbers that, you know, we have been in the range of about INR 350 to 400 crores as we have given in the investor presentation the three-year trending as well kind of a thing. So, from that base, we are meaning that, you know, 5x numbers which is in the range of INR 1,200 to 1,500 crore on an average basis considering the unsold inventory which is about INR 1,400 crores plus new launches and the phase wise development from the land bank as Dhaval explained. So, basis all the aggregate and the few new acquisitions which is going to add the momentum to this number is definitely which will inch up towards this 5x growth plan.

Jeevan: The second question is we said in the press release that we are about to enter new micro market in second half of the current financial year. So, which micro market we are basically targeting? Is it Kanjurmarg that we are talking?

Dhaval Ajmera: No, that Kanjurmarg is not that one. We are talking about new acquisitions in different micro markets of Mumbai. What we are talking about significantly new acquisitions and these new acquisitions we are just on the words where we cannot disclose, have the NDA purpose, we do not want to release or probably give, venture out details but it's going to be in the suburbs of Mumbai, in Western and Central Mumbai both.

Jeevan: Third question is future potential in the Wadala side. We have given 1.8 million square feet for residential, 1.8 million square feet for commercial.

Dhaval Ajmera: Yeah.

Jeevan: If I remember correctly, it was 3 million square foot for commercial and 3 million for residential early. Why it has been reduced?

Dhaval Ajmera: So, that is what you call the saleable area. So, the one we are talking is the carpet area. So, 1.8 times if you do the saleable becomes 3 million.

Jeevan: So, same is the case for Kanjurmarg? So, we are talking about carpet area.

Dhaval Ajmera: Yeah. Because now RERA and everybody only recognizes carpet area. We have changed the terminology and kept it only one so that it is same for everyone.

Jeevan: And any color on the debt reduction by the end of this year?

Nitin Bavisi: So, yes, we are already in the trajectory of below 1x now and we want to operate under 1x. That's going to be our endeavor at a different varying degrees because of the kind of business development activities also which we are undertaking. However, we have some low hanging fruits as well to tap on to this cash flow generation. So, you know, all this put together, our endeavor definitely going to be 1x, below 1x to operate throughout the year.

Jeevan: Any plan on any land parcel monetization to pay off the debt?

Dhaval Ajmera: So, there are some lands, sorry, one land or two lands which we are already under discussion for monetization and the other things are also going to be on the development front. So, to answer your question, yes, one of the lands not on the development front of Wadala or Kanjurmarg anywhere but somewhere else where we are looking to monetize that land.

Nitin Bavisi: And let me clarify. This is an investment property which we are monetizing because the stage of that property which we have invested into which we have brought this by resolving challenges into it is a lot of value addition or value accretion has happened. It is not for the purpose of debt reduction. However, definitely it is going to help us on the debt reduction side as well.

Moderator: Thank you. The next question is from the line of Aditya Sen from Robo Capital. Please go ahead.

Aditya Sen: So, as you were targeting around 4.5 to 5 lakhs square feet in FY24 and it's already great to know that we have done 1.3 out of it, 1.35. So, going forward, can you please guide me as to how much sales will be made in Q2, Q3 and Q4 either in terms of square feet or even in terms of percentage would do, just the ballpark number.

Nitin Bavisi: So, as it is there in the presentation, we have unsold inventory which is almost about INR 1,472 crores and out of which, you know, the first four, which is the Nucleus, Sikova and Nucleus C wing, which is the residential, which is at a very advanced stage of the completion. So, those ones are the very much, I would say, high contributors to this number as well the Manhattan sustained sales has already been, you know, we have set up our regular pattern into that. So, that is also a very good and a high value contributor and the very good surprise and the pleasant element coming from the Bangalore market as we have explained in our opening note, so that particular piece is also contributing and expected to contribute further. So, all these contributions plus we have launched pipeline which is about INR 1,800 crore worth of the sales potential. So, both these put together is which we are giving the confidence to us that, you know, we should be surpassing and entering into the four-digit league of the INR 1,000 crore as a target which we have set for ourselves.

Aditya Sen: So, which quarter will be the heaviest? Because last year I saw Q3 was one of the weakest quarters. So, should the sales remain in the same pattern like last year?

Dhaval Ajmera: So, as we said that there are going to be three launches happening this year. Obviously, these three launches hopefully we should have great boost or spikes coming in through the launches and every launch if you look at, majorly it's going to be in the last quarter of the year where we will have these launches coming in and over and above that, we have about 6.5 lakh square feet of roughly unsold area, which is left from our current inventory to be sold. Obviously, these are at different, different stages. So, if I put this together to answer, I think we are significantly looking at a largest jump over the last quarter but even the second and the third quarter will have a sustainable number coming almost on the lines of first quarter around that.

Aditya Sen: And also for the total of ongoing plus upcoming projects would be around INR 3,200 crores and we will also have some collections over that. So, do we have a 100% share in that or there is a component of JV also in it?

Dhaval Ajmera: So, as we have given the entire disclosures, Bangalore market we have 70% and at upcoming launches Central Mumbai 2, we have 85%, which is the ARIIL stake into the projects. Rest all the other projects SPV level and at a directly into Hold co level, we have 100% stake.

Aditya Sen: And also on the land parcel, can you please let us know the land value if it's possible for you?

Dhaval Ajmera: Well, it's a very vague term to be honest with you because if we look at the numbers which are there, it's something which we honestly do not want to put in as a very rough.

Aditya Sen: No, no. It's all right, all right. We understand that. So, again, if I can ask this question, like, how much share of land do we have in Kanjurmarg, Central Mumbai, Ghatkopar and Juhu? Can you answer this question if this is possible for you?

Dhaval Ajmera: Yeah. So, as far as the projects which are coming up, as we've done that a total of about 1.2 crore square feet right now is our land bank and currently which we are launching projects, okay, which is one in Central Mumbai 1, one is Central Mumbai 2 and one is Vikhroli, they are all part of the Central Mumbai only, which is about 9 lakh square feet because I am not giving acreage or something, but I am just giving you the launch pipeline or the launch project size. So, the ones which we are going to launch is about 9 lakh square feet and over and above that, we would have about 1.2 crore square feet of land bank in different areas being Bombay, primarily Bombay but also some things in Pune, Bangalore and other places.

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

Mihir Desai: So, firstly on Pune project, I just wanted to check an update on this.

Dhaval Ajmera: Pune project, it's a slum rehabilitation project where 50% of our slums have already been vacated. We are on the verge of clearing the balance and very soon we should be able to launch that project. However, we have not put a timeline right now because of the complexity of the matter, but things are moving very positively and hopefully it should come out in the evil very soon.

Mihir Desai: And secondly on, sir, if you can give us some guidance on our revenue targets of, you know, some sales value, in terms of sales value or revenue targets for FY25 and beyond? FY25 and beyond?

Dhaval Ajmera: As we said earlier, with current and existing projects which is about INR 4,000 crores and plus over and above that, we have land banks about 1.2 crore square feet which all will come in play. So, if I have to put in a number point of view, we are looking at a steady growth coming and definitely moving ahead, you know, 1.2 crore square feet coming plus the INR 4,000 crores of the already existing projects plus the new project launches this year will contribute INR 4,000 crore over the next three years and plus 1.2 crore square feet which will come in over the period of time and over and above that is the acquisitions or the JVs or the tie-ups of society redevelopment, which we are constantly endeavoring and continuing to do so. That will also add up to it. We honestly do not want to put in a number right now that what do I estimate FY25 to be because we are actually wanting to show you results and that's where we are currently targeting to ensure we launch all the projects what we have committed.

Mihir Desai: Sir, lastly, I had to ask one micro question, like as we see the realizations of real estate has been going up post pandemic, so do you feel that the current realization which we are sitting on will be sustainable and the demand for the residential will be intact?

Dhaval Ajmera: So, if you look at, you know, the last two years, definitely, there has been a great demand. We personally believe and that has been also, you know, if you look at the data and the statistics real estate as an investment class has become a great option and people are looking at it very seriously as an investment option all across as compared to maybe gold, mutual funds or stocks or whatever it is, but people definitely look real estate as an investment class now.

Number two, with the, you know, Indian economy which is definitely on a very resilient and a strong growth path, we are looking at a rising income level and we are also looking at very great, I would say, spends coming from the middle-income families and, you know, somebody who's as a, you know, working class people which definitely is the major micro market or the market for India, Indian economy and definitely Indian real estate.

So, to answer your question, we definitely see that this growth is sustainable and, you know, at least the next five, six years definitely looks very promising and as a short-term view, I would say this. And I would also say with the kind of projects where we are, we are spread across in different micro markets and definitely where we have a largest stock like something in Wadala or Kanjurmarg, we are not going to launch everything at one go. We definitely go phase wise depending on the consumption and the micro market areas consumption. So, definitely we don't see too much of an issue and the growth will definitely come on next five, six years for sure.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited. Please go ahead.

Bharat Sheth: Dhaval, just want to understand that in previous question-answer, you said that we have one redevelopment, slum redevelopment in Pune, but are we are also looking say some of the redevelopment in MMR region? And can you give some color on that, how big is that opportunity and looking at our brand name in MMR, so redevelopment and cost economic benefit vis-à-vis these new launches?

Dhaval Ajmera: So, today we are looking at, you know, if I primarily look at options available as land, obviously in Mumbai and I would now even say Pune in the Central part or the main area where we feel there is still a lot of demand and rather than probably moving outskirt and looking at lands which are probably, you know, blocking your capital towards the asset investment, you know, there is a great redevelopment opportunity coming across everywhere and with the kind of velocity of sales and our brand value, we are getting great response from it. This Pune land what we are talking about is a slum land, which we had acquired a long time back. Obviously, we were working on it and hopeful by this year we should be able to clear things off and then probably launch it.

As far as the economics of this is concerned, we are still working out, you know, all those permutation, combination because with the new regulations, definitely, rules change and the numbers change, but anything above 20% is where we are.

Bharat Sheth: In MMR region, I mean, cluster development and with this rule change what we are talking, so how it has changed the economic viability of the redevelopment of a large project?

Dhaval Ajmera: So, a cluster redevelopment is a new regulation which has come in. It gives a great attraction to the old tenants and also to the new developer which will help, you know, all these old societies, larger layouts to come into the redevelopment process.

There has been, as far as the premium costs are concerned in the Mumbai real estate market, there are three basic, actually two basic contributors to the cost. One is the construction cost and second is the premium cost, whereas depending upon the area to area but sometimes the premium costs prevail over the construction cost or the construction costs and premium costs are at par. So, when you have a discount on these premiums, definitely, your cost becomes lower. Number one. Number two, your interest costs, your initial investments become lower. So, all those has a benefit, which will eventually have lower cost of construction and project cost, thereby increasing the velocity of pricing and sales in that particular micro market.

Bharat Sheth: So, are we really talking on these cluster development any of the large society? Or what stage are we? And how big is that overall opportunity for the next five years?

Dhaval Ajmera: Well, it's a huge opportunity. I mean, in terms of numbers, it can be as great as, you know, couple of thousand crores because if we look at, you know, every slot in South Mumbai if, you know, at least 5, 7, 10 buildings coming together or maybe in the Central parts of Mumbai or the Western parts of old societies of Mumbai or even if I just to give an example of our previous projects which were done historically like Yogi Nagar in Borivali or Shastri Nagar in Andheri, these kind of projects come in for redevelopment is the huge potential.

We are working right now. We have given offers, but obviously, all these, you know, with societies, it is a matter of time and it is a lot of time taking process. It's not going to be as easy as what we think of buying a land because there are equal amount of tenants involved and that kind many meetings happen. So, obviously, it takes time. So, if something definitely click in, which right now we have not, in all our projections we have not taken anything into our mind, but if something come in, definitely we will add on and, you know, announce it to the market.

Moderator: Thank you. The next question is from the line of Niraj Mansingka from White Pine Investment Management. Please go ahead.

Niraj Mansingka: I just have one question. Dhaval, we have an EBITDA margin that we have reported 32.9% for the quarter. Can you tell us what is the EBITDA margin on the projects that are being launched?

Nitin Bavisi: EBITDA margin actually, you know, coming from the revenue eligible projects which are currently we have Manhattan, Greenfinity and Sikova. These are the projects which are revenue eligible and, you know, going forward because the Prive is already hit, but on the same side of the threshold of 24% sold, so that is also going to be a revenue eligible going forward. So, that those basis, we have revenue recognition and hence the EBITDA and as well the other bottom-line support coming from such efforts.

Niraj Mansingka: No, I'm not talking about the reported numbers. I'm talking of the projects that are being launched or supposed to be launched in FY24. What are the potential EBITDA margins that you would be expecting on those projects?

Nitin Bavisi: So, as we have already entered into a very stable margin trajectory like, you know, the 35%, 30% plus kind of a EBITDA and as well the PAT margin in the range of plus 15% kind of a thing, we endeavor to remain in this range only.

Niraj Mansingka: No, no, I have some related question. See, if your prices of the industry has gone up and the inflation is not so high, ideally the margin should increase and these, the reported margins also have a cost realization component of the past where the realization might not have been as much higher as they are right now. So, won't the margins go inch closer to or excess of 35%?

Nitin Bavisi: So, that is what I explained that, you know, it depends on the composition of the projects which are coming into the revenue and the composition of the progress at which, you know, the revenue gets recognized. That's the function of the revenue and as well the margin contributors to it.

Niraj Mansingka: No, I am not asking about the reported numbers. I am still about the projects that are yet to be launched in FY24 and those projects, why wouldn't the margin inch closer to 35%, 40%?

Dhaval Ajmera: So, if you look at, you know, our projects which are yet to be launched, there are some projects which are historical land banks, like Wadala. There are some projects which we take into a redevelopment process or there are some projects which we run a JV, JDA. Every project has a different margin, but we look at different projects or different margins. Some are slum redevelopment. So, it's between 30%, 25%, 30%, 32%. That's where the range is. So, to answer your question, every project will have different EBITDA margins.

Niraj Mansingka: Dhaval, question on the Wadala. What should be the EBITDA margin of those projects? Just I wanted to ask him some forward looking by my own on the Wadala point only which is where the land bank is owned, what should be the EBITDA for those projects?

Dhaval Ajmera: 30% - 32%.

Moderator: Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Sir, my question is on the, you mentioned you are targeting sales value of INR 1,000 crores and agreed with that. So, if you consider this trajectory per quarter, you will continue that, let's say, and then you will have a significant jump in the last quarter, but that is on the sales value. How does revenue recognition work? Will it be also on the same line? Does it work like that?

Nitin Bavisi : So, typically the revenue recognition is based on the progress of the project and as we have given the complete breakup of the sold position and where from the revenue is expected to come, so that particular position is for the advanced stage of the project which is almost about INR 678 crore and the balance revenue going to come from the inventory which is available for sale. So, that is how the revenue recognition over the life cycle of the projects.

Rahul Shah: So, what is like your total revenue expectations for this? Have you like projected that? Have you given that somewhere?

Nitin Bavisi: So, as we have given the guidance or the status of the project like, you know, the Sikova, Greenfinity and Nucleus C wing, which is expected to getting completed. So, balance of the revenue from the inventory to sell and the unrecognized revenue also going to be recognized within this financial year plus there is going to be sustained sales coming from Manhattan. Prive, as I explained, is going to be becoming the revenue eligible project from next quarter onwards and the rest of the revenue is as well going to contributed from the Bangalore market. So, that's how the revenue contribution trajectory for our portfolio.

Rahil Shah: And in you remarks, did you mention something about a cash flow visibility? I think I missed that, so.

Nitin Bavisi: Yeah. So, basically the cash flow from the ongoing projects is that of INR 980 crores and which is going to be based on the balance receivables of the project with balance inventory to sell minus cost to complete and minus debt on the project on cost basis. So, that's how the estimation of about INR 980 crores.

Rahil Shah: For the current year, right?

Nitin Bavisi: Over the life cycle of the project because as I explained, the completed set of projects is going to contribute almost out of this INR 980 crores, about INR 100 crores from advanced stage of the completion of the project which is going to contribute about INR 80 crores and mid stage project like Manhattan, Lugaano, Florenza, Prive and Eden is going to contribute balance about INR 800 crores. So, that's how the breakup is.

Rahil Shah: And the EBITDA margins you said this trajectory will continue. So, you will definitely stay about this 30% range or maybe even 30%, 32% range.

Nitin Bavisi: That precisely, that's our estimation.

Moderator: Thank you. The next question is from the line of Vignesh Iyer from Sequent Investment. Please go ahead.

Vignesh Iyer: Just two questions on my side. First is when we decide on selecting a project or say JD or JV, what is the IRR that we are looking at before we are selecting the project?

Dhaval Ajmera: So, when we, as I said, we look at different projects in a different way depending on the complexities and how easy or difficult the project is going to start, but if you look at the IRR terms is anywhere above 24%, 25% is what minimum we look at and going beyond that because below that we don't really make, it makes sense for us to put in our hands on the project. You know, maybe some uncertainties coming and it will be jeopardize it. So, we look anything above 24%, 25%.

Vignesh Iyer: That is the like minimum threshold you have in mind. That is like the minimum threshold the company has in mind, right, before selecting the assets?

Dhaval Ajmera: Yes.

Vignesh Iyer: And second question is on the debt equity side of it. I mean, what does the management think of this debt equity ratio say two years down the line? What does the management think of reaching or it is a plan to remain at this level only at current debt?

Dhaval Ajmera: So, the debt is a function of the project and its operations. While we will definitely continue with having debts with related to the operational or the cash flow point of view, but as far as, you know, group level debt or the corporate level debt is concerned, we will definitely make it to as low as zero, but operationally, project wise, you know, if there are debt required, we will continue to have. So, to answer your question the ratio right now is below 1. We endeavor to keep it definitely below 1 always even though if it is project or group level, but definitely at the corporate level debt, we will make it as significant as zero in the next three to four years' time.

Moderator: Thank you. The next question is from the line of Aditya Sen from RoboCapital. Please go ahead.

Aditya Sen: Interest cost is as of now 11.9%. So, just wanted to know if it will be in the same range going forward also?

Nitin Bavisi: So, very good question. Like, you know, we already had the good amount of savings because of the work credit profile improving and lender taking the cognizance of that, and we hope that the RBI has given a skip to the rate hike kind of a thing. So, it will continue to do so driving basis on the inflation and the inflation tolerance kind of a thing. So, basis those ones, the floating rate of the borrowings or the loan which we have should remain in the range and any incremental debt and such kind of a thing we endeavor that, you know, basis the risk profiling of the project and such kind of a thing, we try to remain within this range so that, you know, overall cost of debt remains within this particular trajectory.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Nitin for his closing comments.

Nitin Bavisi: Thank you, ladies and gentlemen, for your very insightful questions, set of questions and as well, you know, couple of suggestions as well. It really inspires us and excites us to do further battering. We will definitely continue to do so, our teamwork and the hard work at project portfolio level and we will come back with a very good set of numbers. Till then such time, I wish everybody a very good time and safe time. Thanks for your patient hearing and participation.

Dhaval Ajmera: Thank you.

Moderator: Thank you members of the Management Team. Ladies and gentlemen, on behalf of Ajmera Realty & Infra India Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.