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Bandra (E), Mumbai - 400 051

**Date: 1<sup>st</sup> June, 2018**

Dear Sirs,

**Sub:** Transcript of Conference Call hosted by Axis Capital Analysts on 28<sup>th</sup> May, 2018.

**Scrip Code:** NSE: PENINLAND      **BSE:** 503031

Please find enclosed the transcript of the Conference Call with Analyst and Investors hosted by Axis Capital Analysts on the Financial Results of the Company for the Quarter and Financial Year ended 31<sup>st</sup> March, 2018 on 28<sup>th</sup> May, 2018 at 10.30 a.m., for your information and record.

You are requested to kindly take the above on record.

Thanking you,  
**For Peninsula Land Limited**



**Rajashekhar Reddy**  
Company Secretary



*Encl: As above*

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“Peninsula Land  
Q4 FY2018 Earnings Conference Call”

May 28, 2018



**ANALYST: MR. KUNAL LAKHAN - AXIS CAPITAL LIMITED**

**MANAGEMENT: MR. RAJEEV PIRAMAL - EXECUTIVE VICE CHAIRMAN AND  
MANAGING DIRECTOR – PENINSULA LAND LIMITED  
MR. NANDAN PIRAMAL – WHOLE-TIME DIRECTOR -  
PENINSULA LAND LIMITED  
MR. DINESH JAIN – GROUP CHIEF FINANCIAL OFFICER -  
PENINSULA LAND LIMITED  
MR. BHARAT SANGHVI – CHIEF FINANCIAL OFFICER -  
PENINSULA LAND LIMITED**

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**Moderator:** Good day and welcome to the Peninsula Land Q4 FY2018 Earning Conference Call hosted by Axis Capital Limited. As a reminder all participant 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 telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Kunal Lakhan from Axis Capital Limited. Thank you and over to you Mr. Lakhan!

**Kunal Lakhan:** Good morning everyone and thanks for taking time out this morning to attend this conference call. From the management, we have today Mr. Rajeev Piramal, Executive Vice Chairman and Managing Director and Mr. Nandan Piramal, whole time director of the company. I would now like to hand over the call to the management to take us through the Q4 results. Over to you gentlemen!

**Rajeev Piramal:** Thank you Kunal. Good morning everyone. Thank you for taking the timeout to be on this call. I think that the format will follow will be the standard format. I will talk us through some of the overall operational issues through Q4 and along being year end, we will talk about the year, last year. After that I will ask Dinesh Jain who is our Group CFO to talk us through the financial results and then we will open it up for questions and hopefully we can address all the questions that you have.

So coming back to as far as the performance of the company in the last quarter Q4, before we talk I think it is important to talk a little bit about what the target of the company, what the company is trying to achieve over the last year or so. Obviously, our main focus has really been in two operational areas, one has been obviously to continue the sales and execution of our existing project and the other part has been obviously to try and exit from some of our non-core land assets and sale of some of our land parcels in order to pay down the debt of the company or to improve the debt situation overall of the organization.

So, we have made some progress towards both ends in the last year and I would say that at least we have now a lot of visibility going forward in terms of going further along this path to improve the overall situation in the company, so as far as our sales are concerned, if you look at it in the last quarter, we did Rs. 140 Crores of sales from our existing projects, sold about 144000 square feet. During the year, we did around 405000 square feet of sales we sold across. Our main contributor this year was Peninsula Heights in JP Nagar in Bengaluru Group has sold 138000 square feet for the entire year.

In Salsette 27, our project in Byculla, sales were 44000 square feet and also some of our slow moving project like Ashok Astoria, we were able sell 47000 square feet over there and Celestia Spaces in Mumbai we sold 83000 square feet in the last financial year, so our gross sales last year we did about Rs. 836 Crores of gross sale, but when you net it up with cancellations and other things we ended up with Rs. 635 Crores of net sales in last year. So, while it is down from the previous year, still we had

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Rs. 835 Crores of gross sales, considering some of the difficulties that we faced post GST particularly till the Q3 of the last financial year. I think that we reasonably recovered easily towards the end of the year continuing to do some amount of sales. As far as the land sale is concerned, we completed three land transaction in the last year, so we had actually completed if you recall one transaction in the previous financial year where we have sold our land parcel at Hinjawadi to Godrej Properties for consideration of roughly about Rs. 160 odd Crores. When we completed the land transaction we received only some amount of the consideration. However, now in the last month or two the transaction has been reached...we have completed the financial closure and the entire amount has now been received by the company so we have Rs. 58 Crores that is still due to come from the transaction, which was received in the last quarter. In addition to that we had a couple of other smaller plots attached to this property was sold and completed the rest about 15 odd Crores (inaudible) 4:23. The Hinjawadi land transaction is now complete and we have received all our money.

In the last year we concluded three other land transaction, so we sold our land in Pune, in Mamurdi which was 60 acre parcel that we sold that to HDFC and Godrej jointly who are the buyers, we received for realization Rs. 226 Crores, we have received Rs. 217 Crores of that in the last financial year and we will receive the last 9 Crores as well, so that transaction we have received full financial closure for that transaction as well.

We have one investment in Bengaluru Mahadevapur for Rs. 30 Crores. We have exited that investment and received the entire money for that and then we sold our Ram Mansion property over there for a consideration of Rs 177 Crores. There were still 26 Crores to be received of which we have received further 22 Crores so there is still Rs. 4 Crores left, but the transaction has largely been completed and concluded.

So of the 3 land transaction we did last year which was total of 433 cr of which as of now we have received Rs. 429 Crores so at least financial closure has happened as well those are concerned. Also going forward on the land transaction front in this coming year, we have signed two term sheets, LOIs already signed one for our land parcel in Tathawade, which is a Rs. 100 Crores transaction, which is scheduled to be completed by the end of June. We also have been able to find a buyer for our land, a 30-acre land that we have in Patancheru in Hyderabad and we have closed the transaction there for Rs. 95 Crores as outright sale. We expect to complete that transaction as well in the next two to three months, the document has been signed. As far as our Goa SEZ is concerned we had mentioned that we are working on exit over there with the Goa Government that largely is in place. Unfortunately due to issues in Goa that matter has been slightly delayed, but we expect that to be concluded soon and I would expect it in the next quarter or so as well and finally we are also on the brink of exiting our Nashik property which is 95-acre parcel that we have for consideration of Rs. 100 odd Crores that also we expect may be completed in this quarter, May or that property go into the Q2 of this year.

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So, as far as land sales are concerned we have completed this three transactions, received most the consideration for that and we still have another four transactions that we are working on, which will aggregate to a total of...these additional transaction will aggregate to another about Rs. 375 odd Crores. Addition to which in this last quarter we have received another Rs. 120 odd Crores, so about 500 odd Crores of cash we expect. Of the Rs. 500 Crores obviously Rs. 120 Crores already been accrued to us.

There are still some balances and the balance will happen as these transaction get over as far as the Tathawade, Patancheru, and Goa SEZ, Nashik transactions are concerned. These are all single shot payment so there is no payment schedule. So once the transaction is completed the entire consideration shall be paid to the company, so that is our outlook as far as the land transaction is concerned. As far as the sales are concerned for this year, I will ask Mr. Nandan to expand a bit upon our sales plan and our approach for this year that we have a reasonably...we have confidence that we will be able to achieve sales target for this year and I just hand over to Mr. Nandan to maybe give a little bit of his sense. Mr. Nandan...just to give...for those who may not know Nandan handles all the sales and marketing activities in Peninsula Land are under his oversight.

So I will ask him to talk a little bit about last year's experiences that we had on the sales and then we can also talk about the year going forward and post that I can just touch upon a bite of the new projects as well that we had in the pipeline specifically our affordable housing or low-cost housing project, what we call affordable luxury project in Address One in Gahunje in Pune as well as phase 2 Celestia Spaces which we hope to bring to market in this financial year, but first we hand over to Mr Nandan to talk about the sales and then we will talk little bit about these new projects.

**Nandan Piramal:**

Thanks Rajeev. Good morning everyone. Just a quick overview on the sales achievement for last year. In the numbers you all would have seen Rs. 634 Crores of sales in the previous year that was down from the year before, but there were a couple of things that I want to highlight in this achievements last year. We did a number Rs. 836 Crores of gross sales while that is important and why I am just mentioning it here is because is the actual number of deals that were included in the previous year. Last year because of a variety of reason and internal drive to also clean up some of our receivables we have done a few cancellations, I think overall what our average is and so that there is a big gap between the gross and net number, but I think from a sales team was encouraging for us was that even in the year with the lot of upheaval and a lot of change in the external environment we were still able to do Rs. 836 Crores of gross sales. The way we calculate gross sales is all the sales done in the year minus any cancellations of sale done in this year. So the difference between the gross and net is just A cancellation of previous years that have come into the system in this current year. So Rs. 836 Crores of gross sales, I think the two major talking points from a sales point of view in real estate last year was the implementation of RERA and GST. I think RERA in the long run we did have a short-term impact on the business where for a couple of months sales were closed till all the registrations were

done of all the projects. I think that does not have a long-term impact in fact at Peninsula we feel the implementation of the things like RERA will only help us and help the corporate sector in real estate because it puts everyone on the level playing field and I feel that that is where the brand value makes the difference and I think customer will trust brands that have delivered in the past and I think that in the long run is a help for us. I think the big impact in real estate last year especially in our segment, which is the higher end or the mid higher end segment where the selling average price of apartment in Salsette, Celestia or Peninsula Heights is anywhere between Rs. 4 to Rs. 7 Crores and in that segment we have seen the impact of GST has the biggest detrimental impact because cost of ownership has really jumped up by 10% to 12% overall and in a market where price is over the last 18 to 24 months have been pretty much stagnant. From a customer point of view, my cost of ownership overnight increased by 10% to 12%. I think that just as an example, today in Rs. 5 Crores agreement value you will be paying anywhere between 90 lakhs to 1.1 Crores of tax, which is GST plus stamp duty plus registration. So I think people that absorption of that number took a little bit of time in the market. I think cost of ownership going up by this 10% or so made a big impact in a stagnant market where prices are not moving that kind became a price increase, which was not going to the developer, but was going out in tax and I think that absorption took a little bit of time in the market, but going forward I think in Q4 we have seen the impact of that I think people have started to accept that as a fate accompanied and they are moving forward now and I think the decision are being made and going forward, our outlook is very positive that these things which had short-term impact on the business in the long run and the medium term will only better the economy and the business and so we have a very positive outlook for the current financial year in terms of our projects in terms of sales and marketing. From a marketing front, which is not related to numbers, but just a quick update, we did a lot of campaign, Mr. Rajeev said he is going to speak about Address One and the campaign that we did here, but in marketing our focus is on disruption of the market and some of the collaterals and some of the campaigns that we have been able to run have been very well reviewed in the marketing circles and spheres and I think we will continue to have that visibility and with our channel partners have that close working relationship, which will only help sales going forward. So that is a just quick overview on the sales and marketing and what we expect for the coming year.

**Rajeev Piramal:**

Just as I was saying earlier just talking a couple of things before we open up the questions. In the recent past I think one of big step that we made forward as an organization also looking at newer opportunity, as we are looking in our land bank and we are looking at the rationalization of our land bank. As you can see we have done a number of sales transactions and we hope that by the end of Q2 this year we will have completed almost nine separate land transactions over the last 18 months, but the other part of this also I am going to look at within our land bank where we since are looking at the divestment of certain properties. So to that end there are two properties above just have been...they are moving in from the kind of land holding situation to the development phase. So I think the first one of that is Address One our affordable luxury project in Gahunje. This is a 50-acre land parcel we have held for some time, but we felt the time was right now finally to launch and to enter the

affordable housing sales. I think that we feel that given the overall emphasis on the sector plus given what we felt is best use for this property as well in this location. The two things have come together quite well, so we did a very successful launch for Address One, in our first phase, which was we have a total of 1000 units, we brought 900 units to the market as far as the first phase, we have five typologies going from one bedroom to three bedroom apartment and if there is no input of questions we can get into the more specific project details in the call which is right now to say that in our first phase 900 odd units which were made available we have already sold close to 750 units at a total value for Rs. 185 odd Crores. The total potential in this project so the first phase in terms of area was roughly close to around 5 lakh square feet. The total potential in this project is roughly about 3 million odd square feet, we will have to see depending on FSI and things as we go forward, but at the moment the first phase has been launched and the 5 lakh square feet reflects 1000 units. Of the 1000 units as said we made 900 available from the sale. Of those 900 we sold 750 units, so that is the good positive start for us. We hope to break ground in this project post the monsoon and we expect to do a quick delivery on most of the building with 50 buildings, but they are ground plus 4 so the challenge will be of course to execute this volume, but we are confident that we have the team and the resources in place to do that. The second project that we will launch this year will be the second phase of Celestia Spaces, so we expect the targets to be reached by close to the end of this year, December, January is what we are looking at. We have 22% financial interest in this project. The total potential of this area is about 1.5 million and I think our first phase will be a single building, which will roughly be 7.5 lakh square feet to start with and this is our 7.5 lakh square feet to go beyond that. As far as this project is concerned, just to give an update originally this project we had DM relationship with the Bhattad which was something that have been agreed many years ago. We felt that even the changes in the market we have converted that DM into a kind of financial stake in the project, so we have already acquired the path stake earlier and we have converted the DM into additional stake in the project, so I think we have a 22% financial interest in this project, so that is the two new project that you will see for us in the coming year. Other than that the emphasis like I said continues to be continue to really clean up the balance sheet and put the company at healthier position as we go forward. So with that we will continue to execute our existing project and sale in the existing project, continue on the land exit front. We will get a couple of new projects and we feel that these are the steps that we will take over the next 12 months and should put the company at much better situation or much stronger situation than we are right now. Some of so-called clean up as far as the balance sheet is concerned, we have already started that process, which has reflected in some of the results, so I will hand over to Dinesh Jain our Group CFO to talk you through the Q4 FY2018 financial as well where he will explain a bit about what all and explain some of things that I have been talk to you.

**Dinesh Jain:**

Good morning. This is Dinesh Jain. I will take you through the financials for the year ended March 2018, on a revenue of Rs. 673 Crores which mainly comprises of...there is one land transaction, which we have done during the year. We have reported a loss, but that loss essentially is because of the exceptional items of Rs. 180 Crores. If you flip the page, we have given some of the details of this



loss. Essentially this is emanating from the Ind-AS related adjustments which we need to do as per the new assessing standard. First is Rs. 63 Crores Nashik land parcel, which we are in the process of exiting, Mamurdi land is what we have sold to the HDFC and Godrej combined, which Rajeev touched upon, and the other two loss, which is Rs. 18 Crores and Rs. 99 Crores essentially pertains to Carmichael Residential South Mumbai Project, as you know this project has been a sort of... there has been some issues around in terms of the approval around this process and which has deflated to some extent the sale price of this project and consulting the auditors we have taken a conscious call to a impairment. Let me explain you it is an impairment really, it is not a write off in that sense.

I will go through the debt profile of the company, page 15. As you see the debt has actually come down, but it is not fully getting reflected. The reason being the consol level the inventory has gone up that is one of the significant reason, but as Rajeev mentioned some of the transactions, which we are proposing during the current year we expect the overall debt to come down by another Rs. 500 Crores during the year and we expect to end the year 2019 with the debt of about Rs. 1600 Crores. That is all from side and I am handing over the floor to Rajeev.

**Rajeev Piramal:** So I hope that that gives you some idea in terms of the overall situation as far as the company is concerned. I will open it up now to any questions and we will be happy to try our best and answer them.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. We take the next question from the line of Kunal Lakhan from Axis Capital. Please go ahead.

**Kunal Lakhan:** Thanks for taking my question. Just wanted to understand the impact of the new DCR on our salable area especially of Byculla and Sewree projects?

**Rajeev Piramal:** As far as new DCR is concerned given the fact that both these projects are very far in terms of development We do not foresee any significant change as far as the sale of that is concerned in Celestia Spaces. Celestial Spaces just we are on a schedule to complete the project by December 2019, as far as phase two as well as the new DCR is concerned we will explore and see how we can maximize our FSI, I think there is a challenge now because official FSI where you can go up to three plus fungible and things like that, in fact all the additional FSIs comes at a cost and there is a premium and then there is TDR and there is fungible, which also comes at a premium, so the thing is that we have signed the right balance between consuming our full FSI and the additional time and cost that is associated with that; however, as things stand right now we will look at phase 2 which is 1.5 million square feet that we are projecting is as per the current the old source for DP 1991 now that is per DCR 2034, so there may be a situation that the FSI may increase but nonetheless we are still exploring the option we will see how that goes. As far as Salsette is concerned again, Salsette we have completed a large number of sales. We already have approval as per DC 24, which is the public car



parking regulation, so as far as the Salsette is concerned, we do not see any change at least happening over the quantum of the FSI. If you wanted to we could have tried to get... because we are already getting our initial FSI due to the parking. I think the only difference now it would be that we have the option of not doing public parking may be and then availing of the FSI as per due regulation that would mean significant redesign go back to RERA or other issue so we are looking in all options and exploring then all of this option at this point in time, but as we stand right now we do not foresee at least for Salsette any change as far as the overall impact is concerned.

**Kunal Lakhan:** That is helpful. Secondly, on the debt side, this year we have seen some good collections versus last year so Rs. 635 Crores of collections we did plus 400 Crores of money we collected from the land for monetization; however, the net debt still has declined by say about Rs. 100 odd Crores and overall net debt still remains little on the higher side, how should we look at our net debt going forward with another like Rs. 300, Rs. 400 Crores of monetization expected this year?

**Rajeev Piramal:** As Dinesh mentioned about monetization going forward we expect our net debt levels to be around 1600 Crores by the end of this year, but as far as the loss is concern I will ask Dinesh to just elaborate on that.

**Dinesh Jain:** I think we need to see if the consolable Kunal, the total inventory has gone up. The debt is down by about 100, which we said so that makes up almost Rs. 300 Crores, but we expect that this year in terms of our collections are expected to be fairly robust our internal estimate is this much higher, but in terms of what we are expecting is about Rs. 1400 Crores collection the construction development cost about Rs. 500 Crores, realized another Rs. 500 Crores from land sale, which will make about close to Rs. 2000 Crores of collection, so this should help the actually address the concern and we are conscious of the debt level.

**Kunal Lakhan:** And one last from my side in terms of P&L just wanted to understand what happened in this quarter in revenue recognition because if I look at the presales and I compare it versus last quarter, we have done higher presales, however the revenue has been little on the lower side, I understand the adjustments because of the impairment, but just wanted to understand why revenue recognition is slightly lower this quarter?

**Dinesh Jain:** Our main project is Salsette. We have still not hit the revenue recognition percentage.

**Kunal Lakhan:** And most of the presales that we have seen have come from Salsette this quarter, would that understanding be right?

**Rajeev Piramal:** In the last quarter, if you look at our overall area sold actually we have done around Rs. 50 odd Crores what the sales in last quarter has come from Salsette, the things is Salsette really as per

revenue recognition and all that there were certain premiums that we sell could be payable in the last financial which will help us to increase the 25% threshold; however, government has come with a new policy that allows deferment on the premium payment due to which we have not hit the milestone, which is right now reflected in our P&L. Kunal does this address your question is there something, could you just again repeat the question, Kunal we can may be address again.

**Kunal Lakhan:** Sir, last quarter we had seen some Rs. 235 Crores revenues, which were driven by presales of 95 Crores so assuming there is some land sales which would have contributed to the revenues; however, this quarter we have done better presales, but in terms of overall revenues we are much lower versus Q3, so just wanted to understand the disconnect there?

**Bharat Sanghvi:** Bharat Sanghvi, here. On this Celestia most of the sale has happened into the last month of the year wherein 10% amount, which has not been received before March 31, 2018 so wherein we are unable to recognize the revenue, but this will come into the first quarter of the current year.

**Kunal Lakhan::** Got it, this answers my question. Thanks a lot. That is it from my side.

**Moderator:** Thank you. Well that seems to be the last question. I would now like to hand the floor over to the management for their closing comments.

**Rajeev Piramal:** Thank you once again for being part of this call. As I said to you earlier I think that the last year has been a reasonably difficult one for the company, but we have taken positive steps forward both in terms of our execution, review of our existing projects as well as at land exit, I think this year the emphasis on the focus remains very much on our cash flows and managing our cash flows and the need to bring our debt down to more manageable levels, so as mentioned earlier we have a lot of collections to be done and we will continue to execute and deliver all those projects, we will launch a couple of new projects this year and we will also continue on the land exit so we will complete in another four land transactions coming year, so I think post having achieved all of that, the company will continue to move in a positive step forward and I expect this year the company to be the much healthier position at the end of this coming financials when we were at the start of the last year. With that thank you very much once again for your time.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines now.