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February 08, 2022

BSE Limited

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Dalal Street,
Mumbai – 400 001

The National Stock Exchange of India Limited

Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

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

Sub: - Transcript of the conference call with the Investors/ Analysts

Dear Sir/Madam,

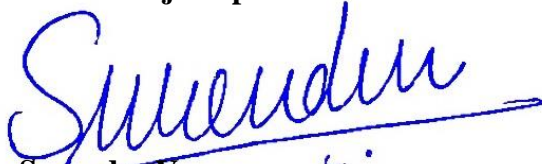
Please find attached transcript of the conference call organized with the Investors/ Analysts on Thursday, February 03, 2022, post declaration of financial results for the quarter and nine months ended December 31, 2021.

This is for your information and record.

Thank you,

Yours truly,

For Godrej Properties Limited



Surinder Varma
Company Secretary & Chief Legal Officer

Enclosed as above





Godrej Properties Limited

Q3-FY22 Earnings Conference Call Transcript

February 3, 2022

Moderator: Ladies and gentlemen, good day and welcome to Godrej Properties Limited Earnings Conference Call. 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 phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mit Shah from CDR India. Thank you. And over to you, sir.

Mit Shah: Thank you. Good evening, everyone and thank you for joining us on Godrej Properties Q3 FY22 earnings conference call.

We have with us, Mr. Pirojsha Godrej, Executive Chairman; Mr. Mohit Malhotra, Managing Director, and CEO; and Mr. Rajendra Khetawat, CFO of the company. We would like to begin the call with brief opening remarks from the management following which we’ll open the forum on an interactive Q&A session.

Before we begin, I’d like to point out that certain statements made in today’s call, maybe forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I’d like to invite Mr. Pirojsha Godrej to make his opening remarks. Thank you, and over to you, sir.

Pirojsha Godrej: Good afternoon, everyone. Thank you for joining us for Godrej Properties third quarter financial year 2022 conference call. I’ll begin by discussing the highlights of the quarter and we then look forward to taking your questions and suggestions.

Firstly, I hope you and your families are staying safe and doing well just when the pandemic seems to be coming under control, we’ve been hit by this Omicron wave, which has spread significantly faster than the earlier variants. Fortunately, most people have had relatively mild disease and the rapid spread is also resulting in a lower duration for the wave. For these reasons, we believe the impact of the third wave on the economy and ongoing real estate recovery will be very limited.

We believe the union budget presented earlier this week was very supportive of the long-term growth of the real estate sector in India through its focus on urban infrastructure and the digital economy. The government



sharply expanded CAPEX target with planned growth of approximately 35% will create a backdrop of opportunity for the real estate sector.

It was especially encouraging to hear the finance minister's thinking on improved urban planning and improvements to the ease of doing business in the sector through announcing investments into expert committees for urban planning and through encouraging the states to adopt the unique land parcel identification number, which could deliver structural change that will unlock the long-term potential of the sector. It was also encouraging to see that for financial year '23, INR 48,000 crore has been allotted under the PM Awas Yojana for affordable housing.

After recording a strong sales performance in the second quarter of the financial year, GPL sales were moderate in the third quarter with growth of only 4% year-on-year to INR 1,541 crore. For the nine months, we have sold 6.6 million square feet of real estate worth INR 4,613 crore, which represents a year-on-year growth in booking value of 13%. Several of our planned launches slipped into the fourth quarter due to delays in regulatory approvals. With a strong launch pipeline for the current quarter, we expect a blockbuster quarter, which will allow us to deliver strong sales growth for the year.

From a financial perspective, we saw year-on-year revenue growth of 30% to INR 399 crore, EBITDA growth of 42% to INR 115 crore and net profit growth of 171% to INR 39 crore. More importantly, we delivered robust net operating cash flow of INR 385 crore led by strong construction activity across all our sites. We expect project completions and therefore accounting revenue and profits to increase meaningfully in the quarters ahead.

On the business development front, we added two new residential projects with a saleable area of approximately 1.6 million square feet in Bangalore and NCR. Our project in Sarjapur in Bangalore will offer approximately 1.5 million square feet of saleable area and will comprise of residential apartments and is a project where we own the land outright. Our project in Connaught Place in NCR is a joint venture, which is estimated to have a developable potential of approximately 130,000 square feet of saleable area, comprising of luxury residential apartments of various configurations. We also invested in a new commercial project in partnership with Godrej Fund Management where GPL will have a 20% stake in a company that develops this project in Yerwada, Pune, which comprises of 800,000 square feet of leasable area.

We exited a couple of our upcoming projects, Godrej Links in Mumbai and Bavdhan in Pune due to the society and our joint venture partner respectively being unable to fulfill certain obligations. These projects had been in the portfolio for a long time, but as they have not been able to be launched, we've decided to exit them. Additionally, we have also chosen to withdraw from Godrej Anandam in Nagpur and we will not be pursuing the future phases of that project.

I also want to quickly highlight a significant announcement we had today, the Board of Godrej Properties in its meeting today approved a potential investment into DB Realty Limited, and also the setting up of a special purpose vehicle along with DB Realty to jointly undertake slum rehabilitation and MHADA redevelopment projects. Godrej Properties will subscribe to warrants, convertible into equity shares aggregating to

approximately 10% of the issued and paid-up capital of DB Realty for an aggregate amount of approximately INR 400 crore.

Godrej Properties and DB Realty will each contribute an additional INR 300 crore towards the equity platform focused on redevelopment opportunities in Mumbai. We believe this offers a lot of strategic advantages to the company. In Mumbai, as you all know, I think a lot of the best land parcels for development are available only through redevelopment opportunities. And we believe this new SPV will be able to effectively use the complementary skills of each party to successfully scale up our presence in Mumbai. We believe this investment can lead to project with a total booking value of approximately INR 15,000 crore and hope to launch the first project under this platform from FY24 onwards.

Our focus in the current quarter is to launch a large number of new projects, which we think will make this a very strong quarter for residential sales and also to add some exciting new projects to our portfolio. This combination will deliver a strong close to the year and an ideal platform for financial year '23.

On that note, I conclude my remarks and would like to thank you all for joining us on this call. We'd now be happy to discuss any question, comments or suggestions that you may have.

Questions and Answers

Moderator:

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking your question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press '*' and '1' to ask a question. The first question is from the line of Parikshit Kandpal from HDFC securities. Please go ahead.

Parikshit Kandpal:

Hi, Pirojsha, congratulations on the decent numbers. My first question is on some of your projects, if you can just update us on the Bandra, Worli, Ashok Vihar and the Wadala project in terms of launch visibility and approval status? That's my first question.

Pirojsha Godrej:

Thanks, Parikshit. I think the -- off those four projects, the two that are most imminent from a launch perspective are Ashok Vihar and Wadala, both of which we expect to launch either by the end of this quarter or early in the next financial year, I think Worli, we also expect to launch within the next financial year, but probably towards the later part of the financial year. Bandra, the visibility is somewhat lower at the moment, I think the site clearance activities need to pick up before us having more clarity on the timeline for that. But -- so two of them, I think, over the next two to six months, and Worli later in the financial year and the Bandra one probably FY24.

Parikshit Kandpal:

Okay. My second question is in the last call you had highlighted that you are looking to ramp up your premium segment in the Mumbai market. So obviously this tie-up with DB Realty points towards that. So if you can just give some more clarity on the strategy intent, and why you couldn't do it yourself, why you need a partner like DB Realty on redevelopment on that direct opportunity in MMR? I mean you being a very old player, a traditional player in the segment. So what's the strategy intent of time of a DB Realty

focus in setting up a separate special purpose like for executing premium segment plans there?

- Pirojsha Godrej:** Yes, thanks. I think first of all, of course we will have strong independent plan for growth in Mumbai, including through open land opportunities, direct joint ventures, certain types of redevelopments, which we are comfortable doing on our own. So I don't think this is by any means our exclusive vehicle for development for premium projects in Mumbai. That said, I think in specifically, the slum redevelopment space, we do think that there are complementary skills that DB Realty and we bring to the table and that a partnership will be more effective than us trying to manage the site level issues that are involved with slum redevelopment directly. We don't feel we have the capabilities to handle that nor do we intend to try to build those capabilities. So this partnership is intended to leverage the abilities that both parties bring to the table and scale up in a much more rapid fashion than would be possible where we are trying to do this by ourselves.
- Parikshit Kandpal:** Okay. So just last question for Rajendra. So, why is the employee costs coming down every quarter, in this quarter it's about INR 19 crore, any specific reason why employee costs have been reducing?
- Rajendra Khetawat:** Sorry, I was on mute. So the employee cost is a matter how the employee costs gets allocated across projects, because we have this allocation methodology, like as the projects get added, there are new employee costs, which get allocated to the project. And it also has certain amount of provision for year-end bonuses. That also on quarter-on-quarter that keeps changing. So broadly, these are the two reasons because of which you will see slight changes into the quarter-on-quarter employee cost.
- Parikshit Kandpal:** Okay. Lastly, Pirojsha, could you clarify on this special purpose vehicle, who will be doing the marketing of this project? You said from FY24 onwards, you will be launching this project with a GDV of almost INR 15,000 crore. So who will be the marketing front for these projects?
- Pirojsha Godrej:** Godrej Properties.
- Parikshit Kandpal:** Okay. Those are my questions. Thank you and all the best.
- Pirojsha Godrej:** Thank you.
- Moderator:** Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adhidev Chattopadhyay:** Yes, good evening, everyone. Thanks for the opportunity. Just again a follow-up question on this platform we are setting with DB Realty. Just wanted to understand what is the exclusivity clause with DB Realty, because I think some of your listed and unlisted peers also have tie-ups in specific projects in this area of Mumbai. Will you just clarify on that please? That's my first question.
- Pirojsha Godrej:** Thanks, Adhidev. The understanding is that we would have a right of first refusal for all projects until the platform investment is consumed. Thereafter, if both sides are happy with the outcome, we can of course continue to scale it. But, DB is also free thereafter to work with other partners.

Adhidev Chattopadhyay: So just to clarify, so if there is an existing project split across multiple phases, and let's suggest one phase may have been launched or whatever, for the balance phases also this right of first refusal lies with you or that is something which is outside the domain of this agreement?

Pirojsha Godrej: No, I think there'll be many projects, but of course we're not trying to get into projects that have already been partnered with another developer. I think, the opportunities are quite significant and the number of projects available under these structures, we also think, is quite significant. So, I think, in all likelihood if another developer has already done a particular phase we might continue with them though, I think, we would of course evaluate on a project-by-project basis.

Adhidev Chattopadhyay: Sure. And you mentioned that the platform, you are looking at INR 15,000 crore of potential booking value, if you could just understand what is the sort of margin profile and IRR or whatever other hurdle rates you are looking at when you are going to be taking up this project?

Pirojsha Godrej: Yes, I think, again, obviously each project will have its own nuances, but I think overall given the fact that these projects will be in Mumbai and often in very prime areas of Mumbai and given that the land cost is typically lower as you enter in these structures and if you're buying land outright. We do think that these will be very margin accretive projects as they get developed, but I think there's a wide range of potential price points and margins that projects could deliver.

Mohit Malhotra: If I may add Pirojsha. If you take a look at our Bandra and Worli project as a representative case, and in case you acquire similar projects through this SPV, the margin profile could be somewhere between 45% to 50% plus in slum redevelopment opportunities, where we are getting land at cost in this SPV.

Adhidev Chattopadhyay: Okay. 45% to 50% is the broad guidance. Fine. And just one last question is on -- this is, I guess, for Rajendra to answer. We have exited few projects again, which you have highlighted in the presentation. Could you just let us -- share with us the total investment in these projects till date and how much we would recover if you can share it?

Rajendra Khetawat: So there was one project at Pune, Bavdhan, we have recovered our entire investment along with interest. MMR is what something we have just incurred on the approval costs and other but this redevelopment project didn't kick off with the change of DCR, this was not feasible. So there was not much of an investment in MMR. Anandam, Nagpur, what there has been done is, we have given over the development responsibility, handed over that site to the JV partner. The investment front is something, which we will be recovering from the project.

Adhidev Chattopadhyay: Okay. And just one last, if I may. Just, I forgot to ask what would -- in this DB Realty, it will be a 50:50 JV for all projects or it would vary?

Rajendra Khetawat: Yes. 50:50.

Adhidev Chattopadhyay: 50:50. Okay. That's it from my side. Yes. Thank you and all the best.

Pirojsha Godrej: Thank you.

Moderator: Thank you. The next question is from the line of Abhinav Sinha from Jefferies India. Please go ahead.

Abhinav Sinha: Hi. Just wanted to check on the launch pipeline for the fourth quarter. So, I mean, we have a very large part of a calendar out there, based on the project list, but I mean is it fair to believe that 3 million to 4 million square feet is likely from this or you would look at a different number?

Pirojsha Godrej: No, I think we've updated the sheet with what we think is the most realistic thing. I think there are -- as in any timeframe, typically a couple of projects drop out due to some approval delays. So I would expect to see that given that now we only have two months left. At the same time, there are one or two that are not in the sheet that we're hoping to bring forward. So, I think, it is going to be a busy quarter for us. We've already either launched or in the process of launching four projects across the country. And we have -- we hope to do about 10 launches during the quarter. So, I think, it should be a very good quarter for us from a launch perspective. And of course, that should flow to bookings as well as -- and I think we expect this quarter to be our best ever quarter for bookings.

Mohit Malhotra: Just to add on.

Abhinav Sinha: Sure, Mohit, Yes.

Mohit Malhotra: We already have three launches already underway in Pune as we speak and we have got good visibility of sales in them. There's one project which is under launch in Bangalore, there are two projects under launch in NCR, which are already there. So, unlike other quarters, we have already started, because a lot of it was spillover of Q3. So, three projects in NCR are already launched and we have a good amount of sales in them, three in Pune, one in Kolkata. So, we have strong sales already in place and couple of launches, which we are expecting approvals to come in post 15th of Feb, we will focus on them in the second half of the quarter. So, we are pretty optimistic about the Q4 number.

Abhinav Sinha: Okay. And the third wave hasn't had much of an impact on either operations construction wise or sales as such you would say?

Mohit Malhotra: Yes. None.

Pirojsha Godrej: Mohit, you want to take that?

Mohit Malhotra: No impact at all.

Abhinav Sinha: Okay. And the last question, my side. Can you talk a bit about how pricing has been? We have seen some of your competitors report a very high pricing, for example, in NCR recently. I was wondering, what's your take in different markets here? Thank you.

Mohit Malhotra: Yes. We have taken price hikes already across projects and in most of the geographies. Most of these price hikes were taken to hedge the cost inflation, which has already happened. There was a very large cost inflation, which happened last year. So we have mitigated it completely through price hikes across projects. Now different projects have had different price hikes, but we see a strong price hike. So like if I give you example, in Pune project, we launched the project in Q3. We have another project next door, like exactly next door to that project in Q4. And there's a significant price hike, which we have taken. Similarly across portfolio sustenance projects, we have taken price hike. So we see good visibility on price hikes going forward.

Abhinav Sinha: Okay, thank you.

Moderator: Thank you. The next question is from the line of Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: Yes. Hi. Thanks for the opportunity. My first question is going back to the DB Realty platform, could we explain the rationale behind investing INR 400 crore in DB Realty? Like does it give you -- is it that because of the ROFR that you want to invest in that or what advantage does it give you to invest directly in the company?

Pirojsha Godrej: We thought this combined structure offered a couple of advantages. One, I think the partnership DB has now created both with us and with Prestige are quite -- going to be, we think, quite value accretive for DB. So we do see some value creation happening at the entity level basis the projects we ourselves will be executing. So in a way this was a way for Godrej Properties to participate in that upside that it is bringing through this platform. Additionally, I think given DB Realty's other commitments, this creates the funding for that investment into the platform. So I think those were a couple of the reasons for this structure.

Mohit Agrawal: Okay. Understood. And, Pirojsha, could you give a sense of how -- you've given INR 15,000 crore GDV, how many projects could these be? And probably if you could give some sense on the locations within Mumbai, that will be, like I'm assuming will it be towards the south of Mumbai?

Pirojsha Godrej: I think it's a little premature for that. Honestly, the -- I think today was the conclusion of sort of the strategic intent, the projects, while there are certainly some projects already under discussion. I don't think that it's -- that we have identified the clear number and exact location of all the projects, some of the projects will still have to be added. So -- and of course the number of projects will depend on the scale, right? So you can have a one project of the very large or more smaller projects. So, I think, the focus will be to do maybe, four or five projects of the type, we have in Worli and Bandra, which is 1 million to 1.5 million square feet approximately. So that's what we think can be done and of course, if we do smaller projects, the number would increase and perhaps decrease a bit if we do one or two larger products.

Mohit Agrawal: Okay. Sure. And we had mentioned our intention to do more than INR 10,000 crore of presales for next year. So, firstly, is it on track? And secondly, if you could give some update on the Vikhroli projects, probably in the next year, are we going to see some launches there as well? That's all from my side.

Pirojsha Godrej: Yes. I think the INR 10,000 crore is on track. Of course, there's still a while to go and we are hoping to add quite a few projects to the portfolio this quarter, which would add to our next year number. But yes, I think we are still targeting an INR 10,000 crore plus booking value for next year. And we'd certainly like to see a new phase in Vikhroli be part of that.

Mohit Agrawal: Okay, thanks a lot and all the best.

Pirojsha Godrej: Thank you.

Moderator: Thank you. The next question from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Sir, thanks for the opportunity. So first question is again a follow up on DB, so our total investment from Godrej would be INR 400 crore for the preferential -- I mean, the warrants and INR 300 crore into the JV, so total Rs. 700 crore.

Pirojsha Godrej: That's correct.

Pritesh Sheth: Okay. And in terms of...

Mohit Malhotra: Sorry, just to add on out of that INR 400 core, INR 300 crore will go back to the JV. So JV will have INR 600 crore.

Pritesh Sheth: Yes. Understood that. Yes. Thanks. And my second question -- so are the projects already there with DB in terms of tenders or land or you jointly would be sourcing on the projects?

Pirojsha Godrej: Mohit, if you want to take that?

Mohit Malhotra: Sorry, if you don't mind, can you repeat it? There was a bit of noise.

Pritesh Sheth: Yes. So my question was, is the -- are the projects already there with DB in terms of tenders or land, or you both are jointly going to source the projects and then develop?

Mohit Malhotra: See, we have already identified couple of projects, which are at early stages with DB. We are also looking at new opportunities, which are at early stages with DB. So, I think, the idea for this platform is to either pick up something, which is already with DB, or look at externally, what opportunities are there and then pick up what is best for the joint venture partnership. As of now, as Pirojsha said there are a couple of opportunities, but we haven't finalized which one we would eventually take up. That is something we would like to do over the next couple of days.

Pritesh Sheth: Okay. Okay, great. That's it from my side and all the best. Thank you.

Pirojsha Godrej: Thank you.

Mohit Malhotra: Thank you.

Moderator: Thank you. The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: Good afternoon, everyone. Sir, my -- the follow up questions on the platform, I'm just trying to understand, sir, what would be the contribution of Godrej, it's just funds and sales and marketing and sales, or you are also be involved in cleaning up this project and business development in this -- the platform? What would be your main role in the platform?

Pirojsha Godrej: Yes, sure. I think the main role for respective partners will be on the DB Realty side, largely around business development and preparing the site from an approval's perspective and from a vacation perspective, to be ready for launch and for Godrej Properties to do everything after that, which is do the entire project as we do in all of our projects. So I think from the actual marketing sales, construction of the development, we will play the lead role, whereas from the business development and preparedness of the site, DB will play the main role.

Biplab Debbarma: And sir, I just wanted a clarification. So all these projects that you have identified and you are evaluating and -- from this platform, these are -- all are SRA projects or MHADA redevelopment projects? I mean...

Pirojsha Godrej: Yes. I think that is certainly the focus of the platform. We may do other things in partnership with DB, but the focus of this platform is around slum rehabilitation projects and MHADA redevelopment.

Biplab Debbarma: And final question on this is, I mean, of the identified projects that you have, are these -- I mean, are there works to be done to clean this up or there may be a few reckoned and cleaned up land parcels...

Pirojsha Godrej: No, no ready-to-go sites, so that's what you mean. All of these will require work, which as I said, we don't expect this to contribute to our launch pipeline for next financial year and of course not for this quarter.

Biplab Debbarma: Okay. Okay, sir. Okay. Thank you, sir. That's all for me.

Pirojsha Godrej: Thank you.

Moderator: Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Yes. Hi, good evening. Just again on the platform, so we were subscribed to 10% of the paid-up capital through warrants for about INR 400 crore odd, just wanted to understand the details on the valuations here, because current market cap of DB Realty is about INR 2,300 crore. So, how did we arrive at this?

Pirojsha Godrej: Right. There's going to be additional infusion from the DB promoters and from the Prestige promoters and that is why the numbers are what they are, but our entry evaluation is just under INR 80 per share. Rajendra, anything you want to add?

Rajendra Khetawat: No, that's right, Pirojsha. So, Kunal, it is the SEBI determined price, so it is a 10 days average. So it'll be -- as Pirojsha said, it'll be just under Rs. 80 per share.

Kunal Lakhan: Just a follow up on that. So what will be the infusion by DB promoters and Prestige promoters?

Rajendra Khetawat: So, there would be -- I think they would be subscribing to some in total around 8 lakh shares. I can give you this detail online. I think that would be there. Exact detail, Kunal, I can share it with you offline, exactly how much DB is infusing and how much promoter -- Prestige promoters are infusing.

Mohit Malhotra: Approximately they're infusing around Rs. 600 odd crore.

Rajendra Khetawat: INR 600 odd crore.

Mohit Malhotra: Give and take few crore here and there.

Rajendra Khetawat: Both the promoters combined.

Mohit Malhotra: Yes. So INR 600 crore plus INR 600 crore, which is around INR 1,200 crore, approximately is what they're contributing.

Kunal Lakhan: Okay. Okay, fair enough.

Mohit Malhotra: Approximately.

Kunal Lakhan: That helps. Secondly on the -- from our side, from Godrej side, will there be any Board representation on DB Realty?

Pirojsha Godrej: No.

Kunal Lakhan: Okay. All right. Yes, thanks.

Moderator: Thank you.

Pirojsha Godrej: Thank you.

Moderator: The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: Yes. Thanks for taking my question. Question is to Pirojsha. So one of your earlier comments, what I understood is that the INR 400 crore investment into DB Realty is clearly financial in nature and was not related to the strategic investment in the JV. Is that understanding, right?

Pirojsha Godrej: No, I don't think that's totally right. As I said, there's a couple of things. One is, I think, there is the financial aspect to it which is, we do think that DB is structurally significantly improving its balance sheet through the investments we -- DB themselves as well as Prestige are bringing in. So I think we're quite confident that the company will be on a stronger wicket going forward. This is also -- I mean, given some of the balance sheet stress they've been under, this also allows them to create the capital for the platform. So I think this was helpful in pursuing the strategic platform itself and most of the capital from this investment actually comes into the platform.

Swagato Ghosh: Okay. But they could have actually contributed in terms of their expertise, and you could have contributed with the capital, right? That could have been long-term structure rather than you infusing the money and then they putting it in the platform.

Pirojsha Godrej: Look, I think there are obviously a lot of different ways we could have structured this, but I think from our perspective, this overall is a very attractive structure. Almost all of the capital we're putting in does eventually end up in this strategic platform, which as I said, we think can be very supportive of our own strategy of growing across the key markets by allowing us to access land parcels in Mumbai, that we probably wouldn't be able to individually get outside of this kind of platform.

It also, as we said, allows us to participate in the upside that we think this platform creates for DB. So overall, we're quite happy with the combination of advantages this provides to both partners. I think ultimately the idea was we do see strong complimentary skills and an advantage of a significant nature for both part partners in this structure, which is why we chose it, but as you rightly said, there could have been other alternatives.

Swagato Ghosh: Yes, I'm talking about the alternatives because it is slightly disconcerting that the partnership is with DB and it's probably the INR 300 crore can be clear milestone link payment, but the INR 400 crore is done, it's invested. So probably if that was [inaudible], that would have been probably better for a company of Godrej's standards.

- Pirojsha Godrej:** No. I think the INR 400 crore investment is very clearly linked to the usage of that cash flow. So there's no -- it's not that one can happen without the other. The money invested of the INR 400 crore, INR 300 crore has to be put into the platform that is -- we will of course ensure that that is how the funds flow.
- Mohit Malhotra:** Just to add on, out of the INR 400 crore as Pirojsha said, INR 300 crore is going in the SPV, we'll be putting in INR 300 crore and INR 600 crore, which is sitting in the SPV will be -- the financial controls will be us to ensure that it is rightly deployed between us and DB. So it's pretty safeguarded to ensure that the right things are done with the capital for both the parties.
- Swagato Ghosh:** No, sorry. So if there is any major problem that you figure out in say one, two years, and this capital is not deployed, you can actually take back your INR 300 crore, but what happens to the other INR 300 crore that you do not have any control over, right?
- Mohit Malhotra:** Yes. We -- can you just elaborate on that?
- Swagato Ghosh:** No. So I'm saying if there are -- say a few projects that you identify, but then, obviously, if some problems crop up and the money is not invested for whatever reasons, and you have to call off this JV, then what happens to the INR 300 crore that is coming via DB's share?
- Pirojsha Godrej:** Yes, I think -- I don't think we're saying that there's zero risk in any venture. Clearly, if things go horribly wrong, there is a way that some of this capital could be lost, but I think we're also saying that there is huge upside potential both directly through the investment given the rerating, we think is likely to unfold in DB, given some of the progress it's made on fixing its balance sheet and some of the progress that will be made with the additional funds that received. And there's also a huge upside, as we mentioned for us to be able to access strategic land parcels in Mumbai. So you are right that in a worst case scenario, we're cognizant this is not a risk free structure, but I don't think most development investments are totally risk free, but I think the risk-reward balance in this situation, we're quite comfortable with.
- Swagato Ghosh:** Sure, sir. I'd like love to understand offline in the interest of time what other structures are considered, but thanks for this, this clarifies a bit. Thank you.
- Pirojsha Godrej:** Happy to discuss that. Thank you.
- Moderator:** Thank you. The next question is from the line of Venkat Samala from Tata Asset Management. Please go ahead.
- Venkat Samala:** Hi, thanks a lot for this opportunity. Sir, I'm just trying to understand more on this particular investment into DB Realty. So supposing just further continuing the previous participants' question, supposing if things were to go wrong and this is again in the backdrop of one article I was just reading in the news that DB Realty has defaulted on the payment of INR 700 crore just as recently as last month, right. So what kind of forensic checks have you done, which kind of gives you the confidence that DB Realty will be able to hold on its own? And I'm not just talking about the INR 300 crore odd investment, right? I'm just talking maybe from a medium to longer term perspective.

Pirojsha Godrej: Sure. I think we've of course done some due diligence and will be doing more, but I think essentially what we're saying is that we're quite aware of the portfolio of projects they already have signed up with a developer like Prestige. We're quite confident of the projects that we will be able to sign up with the operating cash flows that will generate for DB through the development once the site is ready by developers like ourselves and Prestige. And we're also, of course, cognizant of this upfront investment that is going into DB from both ourselves as well as the DB promoters and the Prestige promoters. And we are confident that that combination of improved operations due to these partnerships combined with the upfront and significant capital infusion into the company will strengthen its balance sheet.

So, I think one of the things that we liked about this structure was that it allowed since Godrej Properties, we think is playing a part in driving that structural improvement in DB's balance sheet. It is also participating in the potential upside that results from that.

Venkat Samala: Okay, okay. And since you are making a lot of references to the Prestige promoter, I'm just trying to understand, did you also have a conversation with the Prestige promoter before infusing money into this? And, do you also think that some of the projects in the platform through some other means of structuring, they will also be able to participate in mainly public -- to the public listed entity or his own private entity?

Pirojsha Godrej: Look, I think we don't need -- I don't think it's appropriate to get into sort of what discussions have happened into the -- in the background. But I think suffice it to say that we think there's a strategic opportunity for both companies to partner with DB Realty. I think, Prestige has actually already done that and presumably seen results since they're investing additional capital and we see an opportunity as well.

Venkat Samala: Okay. And my last question would be largely with respect to this SRA. I mean, whatever my limited memory serves, whatever projects have largely gone -- are in this particular avenue, most of them -- most of the developers have kind of burned their hand, right? Or the projects have not really produced the desired results. So how are you approaching it a little differently to ensure that the outcome is not the same?

Pirojsha Godrej: Yes. I think there's often -- as we've analyzed there often been an issue with the capital structure, with which these projects have been utilized, the combination of skills of both being able to get the land ready for development as well as the capabilities to develop the land effectively have often been missing. And there are, of course, some examples of very successful projects that have been done in these structures. So I think, obviously, both sides have significant experience over the last decade respectively in redevelopment clearances as well as in large scale development. So, hopefully, those will allow us to avoid some of the earlier mistakes that have happened.

Venkat Samala: Okay. Thank you. Thanks a lot.

Pirojsha Godrej: Thank you.

Moderator: Thank you. The next question is from the line of Nilesh Parekh from Goldman Sachs. Please go ahead.

Nilesh Parekh: Yes. Hi, Pirojsha. Good evening. Sir, I just a bit puzzled on this investment, right. So this is the financial investment that we are making, subscribing to warrants and on the other side, you're saying that out of that 3 billion would probably sit in the SPV. So on the other side, I'm also seeing that the promoters are infusing -- promoters and Prestige promoters are infusing. So couldn't that -- they're seeing value in that, they could have actually subscribed to that JV.

Pirojsha Godrej: Yes. Again guys, there's obviously a lot of different ways this could have been structured. I think from our perspective, this from a Godrej Properties perspective provided a couple of key advantages, which I tried to explain. Of course, we could have tried to structure this without the financial investment, but we actually thought that the financial investment is going to unlock quite a bit of value for GPL given what I explained is the turnaround we think DB is undergoing. So we thought this was the most appropriate structure, but no question - it's a new structure and there could have been alternate ones as well.

Nilesh Parekh: No, it's just like as shareholders, we obviously have options to invest directly in DB if we want to, right? It's -- we don't need a Godrej vehicle to do that. So, that's where we were actually just kind of -- I was just asking on that because, it's from an operations perspective, that INR 3 billion that into the JV that obviously makes sense in terms of the opportunity, what it offers, but as a financial investment I was just a bit puzzled on that, but fair enough.

Pirojsha Godrej: So fair enough. I think we'll take the feedback. We, of course, debated this quite considerably beforehand. Our sense again was that through our operational investment, we are creating value at the holdco and that why shouldn't therefore Godrej Properties' shareholders participate in that value creation. But of course there are other ways of looking at it.

Nilesh Parekh: Sure. Great, thanks.

Pirojsha Godrej: Thank you.

Moderator: Thank you. The next question is from the line of Manish Jain from Gormal One. Please go ahead.

Manish Jain: Yes. Hi, my questions -- I had two strategic questions. First is on the power of leadership position that Godrej has acquired in Pune and NCR. We are seeing the benefits of that leadership in your project launches, the kind of sales bookings and all. In light of that, in what timeframe do you aspire to have leadership in Mumbai and Bangalore?

Pirojsha Godrej: Thanks, Manish. So it's a great question. I think, we're -- of course, there's no reason for us not to have that already. So, I think, we feel that we're a bit behind the pole in these cities from a scale perspective. I think, we've been putting in place a lot of different pieces of the puzzle we feel. So I think that scale up will happen. I think frankly, the gap today in Bangalore and Bombay with the top players from a scale perspective is considerable. So I would realistically think it would take a few years to close, but certainly, we think the kind of scale up that has happened in Pune and NCR is very much underway in these two cities as well, and would fully agree that they're both huge opportunities for us.

Manish Jain: Excellent. And my second question was on business development across for all India. Do we remain on the same track or -- there's a very interesting

innovation that you all have made in the DB platform. So what -- if there are any significant changes in DB that we see going ahead from Godrej perspective?

Pirojsha Godrej: No, I think, it'll be a mix of things. We do like to keep thinking through new opportunities and new ways to capture them. I think given our current scale, any partnership where we can make significant growth with single partner, as we think will be the case in this instance, or for example, you referenced our growth in the Pune market. A lot of that actually occurred post us entering a strategic partnership with a developer there where we partnered them for six projects for a total of 25 million square feet. That is actually, what's allowed us to quite meaningfully scale up in Pune and become the largest developer there.

So we are interested in structures of that nature. We think that this Bombay announcement today will over time lead to similar results and allow us in a single stroke to scale up quite a bit. But certainly, we will also be looking at project by project additions through various structures, as we have been doing over the past few years.

Manish Jain: Thank you so much. And to Mohit and team frankly the best wishes for the large launches that you have lined up for the current quarter. It's really a delight to see you all launching 10 to 12 projects comfortably in a single quarter.

Pirojsha Godrej: Thank you.

Mohit Malhotra: Thanks.

Moderator: Thank you. The next question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.

Prakash Kapadia: Thanks. My questions have been answered. Thank you.

Moderator: Thank you very much. Participants, you may press '*' and '1' to ask a question. The next question is from the line Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: Yes, thanks for taking my follow-up. Through this forum, I just wanted to publicly suggest and request for one thing. If possible, can we put up this DB Realty investment up for minority shareholder voting? I understand it is not regulatorily required because of the amount threshold, like we do not need a threshold, it's lower, but as a good governance practice and there are instances of this being done by various companies. So if that can be done, that could probably set aside all concerns and you can have like appropriate conversation with your minority shareholders and then put it up for voting. I would just like to request this thing for the management to consider.

Pirojsha Godrej: Sure. Thanks for your suggestion. We'll take it into consideration.

Swagato Ghosh: Thank you.

Moderator: Thank you. The next question is from the line of Dhanesh Shah from Optimum Securities. Please go ahead.

Dhanesh Shah: Hi, I just wanted to check on how we are planning to protect ourselves from any encumbered asset coming into this SPV?

Pirojsha Godrej: Yes, I think we'll obviously do significant due diligence on the individual and then only agree to move forward with them if we are comfortable, they're suitable.

Dhanesh Shah: But, beyond that also once you are into the project and then in case that some assets gets encumbered or some other reason, what is the protection we are going to ensure on these projects because...

Pirojsha Godrej: This is similar to... sorry.

Mohit Malhotra: This will be new project, which we will be identifying and there wouldn't be any encumbrance...

Dhanesh Shah: Okay.

Mohit Malhotra: We will be making sure.

Dhanesh Shah: I see. Okay. That's a little helpful, but it's still a concern. Thanks.

Moderator: Thank you, participants you may press '*' and '1' to ask a question. The next question is from the line of Manish Agrawal from JM Financial Service. Please go ahead.

Manish Agrawal: Yes. Hi, firstly on the cash flows, what kind of cash flows do you see in terms of collections and in terms of land and construction related outflows for the next few quarters?

Rajendra Khetawat: So, the collections are very steady, Manish, like you see, we have been doing a very steady collection, over the nine months we have done operating cash inflow of around INR 5,000 crore. So we expect with this launches and with the progress, we expect these collections to improve in the coming quarter. That's how it is. As far as on the land outflows, obviously, as Mohit has mentioned, there are a lot of projects, which we are looking into the pipelines. However, sometimes the due diligence takes some time. So it is very difficult to accurately give you a forecast that how much is going to be spent on the land cost, but definitely the BD would be a very primary focus in the coming quarters.

Manish Agrawal: Understood. And in terms of revenue recognition, which...
Rajendra Khetawat: Yes. So revenue recognition, there are two main projects, which is a plotted development. One is in Faridabad and another one is in Bangalore and one housing development again in Bangalore. These are the three projects we expect -- we're trying to get this into revenue recognition into this quarter or perhaps, more or less, we should be getting those into the recognition in this quarter. You will see a substantial shift into the revenue once these projects get into the recognition.

Manish Agrawal: Sure. Thank you. That's all from my side. All the best.

Pirojsha Godrej: Thank you.

Moderator: Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: Yes, good evening, sir. My question is you have talked about this INR 15,000 crore kind of realization booking value over the period of time over this JV. So, what is the timeframe for realizing this value roughly? And

also, you have talked about FY23, we won't see any revenue coming, but FY24 onwards. So if you do rough math, you've talked about four projects roughly, we'll be launching of a million square feet each, roughly, so around INR 2,000 crore to INR 3000 crore per year should we expect?

Rajendra Khetawat: So the revenue recognition again, it's a cycle, obviously, the project which we have launched two, three years earlier will come into the revenue recognition.

Mohit Malhotra: Sorry, are you asking about this platform or...

Aman Vij: Yes.

Rajendra Khetawat: Okay. Sorry. My mistake. Yes. Mohit, go ahead.

Mohit Malhotra: You are asking about the new platform we have at DB, right?

Aman Vij: Yes. And on the sales. By sales, I mean, booking rather than revenue.

Mohit Malhotra: Got it. So basically see, if you look at it typically any slum project would take approximately two years to clear. Now one could expedite it, but I think on an average one can expect that. And so, in a two year's timeframe, one can start expecting the projects to come into the picture in terms of sales and revenue. I think once, given our ability to sell, I don't think selling is a challenge. Once the site gets cleared, our ability to sell is very fast, I think, but realistically two years hence is when the first set of launches would come in from this platform. So, I think, that's how we should look at it. After that there'll be kind of a consistent stream of slums getting cleared and launches happening on a regular basis.

Aman Vij: Sure, sir. That's it from side. Thank you.

Moderator: Thank you. Participants, you may press '*' and '1' to ask a question. The next question is from the line of Sri Karthik from Investec. Please go ahead.

Sri Karthik: Hi, thank you for the opportunity. The warrants, which are classified as financial investments, is there any lock-in period before you could start liquidating it in the market?

Rajendra Khetawat: So there is a six-month -- as per the SEBI prescribed guideline, there is a six-month lock-in from the date of conversion of the warrant.

Sri Karthik: And the reason you mentioned this as financial investment is you intend to liquidate it at some point of time given the various nuances involved.

Rajendra Khetawat: So this is the financial -- as per the accounting classification, this is a financial, because it cannot be classified as an associate JV, or a subsidiary. So it'll be a financial. Obviously since it's a financial, it will be fair valued and it can be liquidated after the lock-in period. Although, we have not decided that we will have to liquidate since we are into a partnership that call we will be taking at that point of a time. But for us, it is more of a strategic platform than a financial investment.

Sri Karthik: Understood. That was -- that's clear. The second question is because there's another partner, a larger developer involved in this platform, when you mentioned about INR 150 billion of GDV and likewise, Prestige would

also have some such amount in mind. How has this been allocated in the overall scheme of things between the -- between Prestige and GPL?

- Mohit Malhotra:** Yes, I think first of all, our strategy platform is only between DB and GPL, Prestige promoter companies at the DB holdco level and not at the SPV level. So that's the first clarification and what -- whenever we are speaking about this INR 15,000 crore and all of this, we are talking about our strategic partnership at the SPV level. So Prestige has already signed up some large projects with DB and I'm sure they will be independently working with them on those projects. And we intent to get more projects through this SPV into our joint venture.
- Sri Karthik:** Understood. Because you mentioned there is a ROFR for a certain period of time.
- Mohit Malhotra:** Correct.
- Sri Karthik:** Would it mean that during the period Prestige would not be able to evaluate and find further SPV level transactions?
- Pirojsha Godrej:** See, we have a ROFR with DB, till that time our investment is fully committed and utilized, they will be -- DB will not be showing this -- any of these redevelopment opportunities to any of the competitors, which also includes Prestige in this case. And, I think Prestige already has a very large portfolio with them and they didn't also had an intent to grow it further. So I think it was a win-win for all the three parties and that's how we have moved it, but our ROFR is very clear and complete on this.
- Sri Karthik:** Awesome. Thank you.
- Moderator:** Thank you. The next question is from the line of Kunal Lakhan from CLSA India. Please go ahead.
- Kunal Lakhan:** Hi. Thanks for the follow-up. So, just clarifying that you would not be considering any of the existing projects of DB Realty into this platform, you'll be looking at only incrementally newer projects to be included in this platform, is that correct?
- Mohit Malhotra:** Yes, we won't be looking at...
- Pirojsha Godrej:** Either, we can look at both existing projects that they have at an early stage or new projects. So both of those will be potential.
- Kunal Lakhan:** Okay. Sure. My second question is on -- again on the GDV of INR 15,000 crore, right? I mean the total platform investment would be about INR 600 crore. How do you come at that -- the estimate of GDV of INR 15,000 crore? Also a parallel question is on the success of slum rehab in the past, like, we have seen many developers with the likes of Omkar, Akruiti, or Uptown, HDIL, Unitech many years back faltering on these projects. These are long gestation projects with too many moving parts and some of them get stuck for decades, if not years. How do you plan to do this differently? How does this platform plan to do this whole slum rehab differently?
- Pirojsha Godrej:** Mohit, you want to go ahead?
- Mohit Malhotra:** Yes, I'll answer your first question first. I'll give you a rough idea. We are working on Bandra and Worli and actually actively talking to our partners saying, is there a way we help you clear the slums? And we got an

estimate that between INR 150 odd crore, one could clear these slums and INR 150 crore could easily become INR 200 crore. So let's just take between INR 150 crore to INR 200 odd crore is the kind of investment one takes to clear a Bandra or a Worli kind of slum. Now, if you look at either of the two, the booking value potential is upward of INR 5,000 crore plus in each of these projects at a fairly conservative prices. So just INR 150 crore, if you just do two of them or three of them, you would be spending between INR 450 crore to INR 500 crore, maybe INR 600 odd crore and getting a booking value potential of INR 15,000 crore plus.

Now, if the market change and inflation kicks in, obviously the INR 15,000 crore can easily shoot up, but we are just kind of guiding it basis the current estimates, which we have for our projects in Bandra and Worli. So it's a very straightforward calculation. We can share with you more details if you want.

On your second question, you are right, there are many people who have tried in past. I think, there are two things which are very important for any of these partnerships to work -- in fact, three things. One is what is the capital structure for the entity, which is trying to do it? We have consciously taken a call to do this through equity route with DB. So -- because time is always an unknown variable in slum redevelopment business, the equity is the right model. So that is one thing which many people have taken loans at very high interest rate and then it created a lot of stress in them and loans had a very fixed tenure. So it created a lot of negative cycle, which we have resolved to the structure.

The second is we are pretty confident of DB's ability to do redevelopment and slum clearance. And I think one can see they've already cleared the first slum for Prestige in BKC, which I had also seen. So we remain quite confident in their ability to do it. We're also jointly controlling the cash flow on how the slums will be cleared and the strategy for deploying this capital. So we will be very strongly controlling that particular aspect, while giving operational freedom to DB.

And third is most of these partnerships again had failed because the people who are doing slum clearance are also trying to sell and market and do development, which is a very different business. So, I think there's a very clear complementary skill, we are bringing. We feel given our ability to execute and do development, DB's ability to do -- execute and do slum clearance and the right capital structure with right financial controls and execution controls, we should have a winning partnership. We remain very confident.

Kunal Lakhan:

Sure. And then one last question is again on the infusion by the promoters. I mean, if they wanted to infuse money in DB Realty, both the promoters DB as well as Prestige, was like Godrej infusing the money work like a contingency for that like, or -- because they could have done it and then we could have done -- we could have easily had a much cleaner structure by the promoter infusing in DB Realty and then DB Realty doing a platform separately with Godrej without the intertwining of the structure. So just wanted to understand whether Godrej using the money in DB Realty was like a condition for the promoters, both DB Realty and Prestige to infuse the capital?

Pirojsha Godrej:

No, I don't think there was any conditions. And for now, I think we've done our best to explain our rationale on what the logic was. I think we obviously had a lot of discussion around what the requirements of each partner was,

what both sides hope to get out of it, what structure we thought best addressed the dual requirements. And we continue to think this structure does do that. I think what everybody is sort of position was before, etc., perhaps is not appropriate to discuss.

Kunal Lakhan: Sure. Thanks, Pirojsha and thanks, Mohit.

Pirojsha Godrej: Thanks, Kunal.

Moderator: Thank you very much. I now hand the conference over to the management for closing comments.

Pirojsha Godrej: Thanks, everyone. I hope we've been able to answer all of your questions. If you have anything further or would like any additional information, we'd be happy to be a resistance. On behalf of all of us, thank you again for taking the time to join us today.

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