



Godrej Properties Limited

Q1 FY 2020 Results Conference Call Transcript

August 8, 2019

Moderator: Ladies and gentlemen, good day and welcome to the Godrej Properties Limited Q1 FY20 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 handover the conference to Mr. Anoop Poojari from CDR India. Thank you and over to you sir.

Anoop Poojari: Thank you. Good afternoon, everyone, and thank you for joining us on Godrej Properties Q1 FY 2020 Results Conference Call. We have with us Mr. Pirojsha Godrej – Executive Chairman; Mr. Mohit Malhotra – Managing Director and CEO; and Mr. Rajendra Khetawat – CFO of the company. We will begin the call with opening remarks from the management. Following which, we will have the forum an interactive question-and-answer session.

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

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

Pirojsha Godrej: Good afternoon, everyone. Thank you for joining us for Godrej Properties First Quarter Financial Year 2020 Conference Call. I will begin by discussing the highlights of the quarter. We then look forward to taking your questions and suggestions.

The first quarter of the financial year has been an interesting period for the Indian economy and for the real estate sector. With tight liquidity, slow growth and significant economic uncertainty, the real estate sector has been struggling with most developers under significant pressure. We believe this represents a significant opportunity for Godrej Properties to consolidate market share across our key focus geographies of Mumbai, NCR, Bangalore and Pune. We would like to use this period as a time where we considerably strengthen our project portfolio through strongly value-accretive business development while also ensuring we continue to significantly scale up our sales and delivery track record.

In June of this year, we successfully raised Rs. 2,100 crore through qualified institutional placement. Our equity raise was specifically timed to take advantage of a countercyclical investment strategy, which we believe is a good bet in the long-cycle industry like real estate. Current market dynamics where the NBFC crisis has



further worsened and already challenged liquidity environment for our competitors, provides us with an opportunity to strengthen our business development pipeline. We are valuing and structuring all new additions to our portfolio with an eye towards improving GPL's growth trajectory in these coming years. We will also be in a position to deploy larger amounts of capital at the project level to improve our economic interest in each project. This will allow us to benefit from an overall growth in sales, as the number of projects we develop increases, as well as from the growth in our share of profit from each sale.

Our fundraise was the first QIP in India post the general election and we believe the additional balance sheet strength it has created comes at an ideal time to help deliver on our growth strategy.

Our operating performance for the first quarter was mixed. Reported earnings are strong with net profit growth of 162% to Rs. 90 crore, but our bookings performance was disappointing, with growth of only 9%. From a business development perspective, while we added only one new project during the quarter, we have built an exceptionally strong pipeline of new deals and expect many positive business development announcements in the quarters ahead.

After our best ever period for new bookings in the second half of financial year '19, we were disappointed that the total value of bookings in the first quarter of FY20 stood at Rs. 897 crore. This was largely a result of all our new launches happening in the month of June and some of our plan launches getting pushed out of the quarter. At our new projects, Godrej Palm retreat in NCR, we sold more than 225,000 square feet with a booking value of Rs. 139 crore. Both the new phase launches in the quarter, Godrej Lake Gardens in Bangalore and Godrej Nurture in Pune, received a good response with sales of Rs. 119 crore and Rs. 90 crore respectively. Given our exciting launch pipeline, we remain confident of a strong pickup in sales performance in the months ahead and hope to deliver another record-breaking year.

A big focus area for all of us is to reduce our project timelines in line with global best practices, to ensure we recognize cash flows from our projects faster, thereby improving our asset turns and our return on capital employed. This will also help bridge the gap between operating results and reported accounts created by the project completion method of accounting.

In Q1 FY20 we delivered 1.4 million square feet. This includes 1.1 million square feet at Godrej Infinity in Pune and 0.3 million square feet at the Phase 2 of The Trees here in Vikhroli. We are upgrading our capabilities and construction technology to ensure we deliver accelerated project timelines across the board. We continue to believe our national presence, strong brand and robust project portfolio leave us well placed to capitalize on the opportunity currently available in a dislocated and consolidating real estate sector in India. With that, very happy to take any questions and suggestions you have.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Abhishek Bhandari from Macquarie Group. Please go ahead.

Abhishek Bhandari: I have a couple of questions. In the opening remarks, you said you were disappointed by presales. So, what percentage growth you have in your mind which makes you happy ?

Pirojsha Godrej: So, Abhishek, I think, first of all, I think that percentage would not be 9%. Also, I think it's important to keep in mind that the base quarter was actually a poor quarter as

well. So, I certainly think that this quarter, we hope would be a much below the average quarterly run rate we deliver this year. I think the opportunity given the kind of project additions we have seen over the last couple of years and hope to expect to continue to see, we certainly see growth of 20%. But I think that can go up and down from a quarterly perspective. But over the next 2 years, we certainly hope to do better than 20%.

Abhishek Bhandari: Okay. Second, Pirojsha. I saw that you restructured one of the projects from equity share to a profit share. I just want to understand your thinking behind some of these changes, what you make to your JD/JV projects on an ongoing basis, what are factors were behind changing the contract terms?

Pirojsha Godrej: Yes. So, I think a few different things. One is, I said we have done previous restructuring as well, something like Ahmedabad. So, I think we really look at it at the project level and see what the challenges at the project level are and what we need to do to make it a more strategic fit with the portfolio as it looks today. So, for Ahmedabad, for example, we were not happy doing a middle income-focused projects in a revenue-sharing agreement. So, we converted that to a more DM fee kind of structure.

In this project in Okhla, on the other hand, it was one of the first projects we added through our residential investment portfolio 5 or 6 years ago and that project then went through many regulatory-related challenges and delays. Finally, the visibility on the project launch has now got established over the last few months. But the challenge we had was that we were not happy developing this project under the old structure where our economic interest was quite low. It was suited to the strategy we had 5-6 years ago but not suited to our goal now of ensuring that our economic interest at the project level is taken up. We also have the challenge here that the fund life of the funds that are invested in this project were coming to a close. So, we preferred to take over the project directly under this profit-sharing structure with the joint venture partner.

We are pretty excited about this project. We think it's something we can launch over the next couple of quarters. And actually, see it as a big driver of course for bookings and earnings over the next few years.

Abhishek Bhandari: Okay. And my last question is on Slide #18, where you give your quarterly cash flow. There is a 916-crore outflow for land and approval. Does the bulk of it go towards the RK Studio or there are things beyond it?

Pirojsha Godrej: There were quite a few different packages for this, I mean, actually 15, 20 projects contributing to this. But the big ones were RK Studios, this Okhla, project where we restructured the project and significantly increased our economic interests. We also had a large investment into the commercial project in Gurgaon that we announced a few quarters ago, but I would like to highlight that, that investment will actually significantly reduce in the current quarter. So, it was a bit of a temporary investment that was required there. So, those 3 cumulatively accounted for about 70% of the investments. And then there's a long tail of smaller investments.

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

Kunal Lakhan: So, if we exclude the new launches last quarter, we have done phenomenally well, like for example, the ongoing projects excluding the new launches contributed almost Rs. 1,000 crore plus of sales bookings. But this quarter, that number is around about

550-odd crore. How should we read this? Like is there some kind of a slowdown creeping in because of the whole sentimental impact on the sector?

Pirojsha Godrej: No, I wouldn't say we should read it like that. As I mentioned earlier, I think we are pretty confident of delivering growth over last year for the full year. We are quite happy with the offtake, we are seeing. I think quarter-to-quarter even on sustenance sales, it's important to keep in mind that there are frequently periods, where we are doing more activations than others. I think one of the slips that happened in Q1 is that we did have a couple of regions that we are planning with very big launches and therefore, focused all sales energies on those. And with those slipping out of the quarter, you then have this adverse case both on the actual launch as well as on the sustenance activation, so it becomes a little bit of a double whammy. But I don't think we are seeing anything in the environment that is concerning us from our own sales traction perspective. There's no question that the overall environment remains very challenging, and it's probably worsened a bit. But I don't think that there's much of contribution from the macro environment to the drop we have seen from Q4 to Q1.

Kunal Lakhan: Sure. And my second question is on the balance of subvention schemes. Firstly, how does that impact us because we had a few projects, which we were running those schemes over there. And so how do we look at this firstly, and what could be a counter strategy to drive sales in those projects? Maybe were running these schemes earlier?

Mohit Malhotra: So, a couple of things, Kunal. First of all, overall, I think it's a very positive move. Because these kinds of things are better from a long-term perspective for the industry. Essentially, for us, there may be 1 or 2 projects where we might be running this. But at a portfolio level, it will be less than 5% of our overall sales and banks subvention still continues. And most of our subvention schemes, anyways we don't encourage too many subvention schemes in the organization while the banks subvention continues, and we can get that funding. But as an organization, we try and limit those kinds of sales to a fairly low number. Overall, I think it's a very positive move for the industry.

Kunal Lakhan: Sure. With that kind of balance sheet now, could we look at giving builders subvention if say even banks tomorrow fall in line with our NBFCs and stop these subvention schemes, would we look at doing builder subvention?

Mohit Malhotra: We might look at a very specific situation. But as I said, this is not our preferred way of sales. So, only on unique situations, if there are certain situations, our projects are at a late stages coming closer to OC, etc., very slow moving inventory or those kind of very special situations, we might entertain it. But again, as I said, that will be less than 5% of overall portfolio. So, clearly, something, which we discourage internally a lot.

Moderator: Thank you. The next question is from the line of Adhived Chattopadhyay from ICICI Securities. Please go ahead.

A. Chattopadhyay: Just looking on Slide #15 I think, where there's a launch tracker. You have said the Omkar project in Bandra you expect to launch it this year. So, how confident are we of getting this launch off the ground?

Mohit Malhotra: So, we are at fairly advance stages on design and we are in the process of submitting our plans for approval. So, from a design perspective, we are pretty confident that we would be on track for launch. The other part of, of course launch is the clearance of slum, which is what our JV partner is working on. There, frankly speaking, it's very

difficult to make an estimate. We get confidence from their side that we are on track. But as of now, difficult to make any negative assessment on that.

A. Chattopadhyay: Okay. So, I am just asking like many of the launches, so is there any likelihood of these, as you said in the first quarter, some one of the projects you saw delay in approval. So, is there likelihood of some of these projects also would again there could be a possible spillover?

Pirojsha Godrej: I think, currently there is almost a certainty that 1 or 2 will. I think that if you look at the big headline, we put on that thing there is obviously a high dependence on regulatory approvals. Frankly, given experience, I would say not only there are probably almost certain that out of this list of 20-odd projects, there will be some that don't end up getting launched this year. I think, fortunately, we also have the opportunity in the current market to add projects from a business development perspective that are pretty close to ready to go and launch them even within the year. So, typically, if we look at it over the past 2 years, we have had some projects that do get launched that weren't on the list at the start of the year as well as some projects on the list that don't get launched within the year. Honestly, I think this year will probably be something similar, but I think the good news is that we have by far the strongest launch pipeline we have had in any years. So, hopefully, even with the 1 or 2 projects possibly slipping out, we should be able to deliver good growth.

A. Chattopadhyay: Okay. Second, just wanted to get some broad idea on our CAPEX in terms of project especially for the hotel in Vikhroli and also the commercial project in Gurgaon. So, any idea on your budgeted CAPEX spend for the year or when the projects will get off the ground?

Pirojsha Godrej: Yes. As I said, we already put a little bit of money into the Gurgaon project in the first quarter. So, actually, from here, you see negative CAPEX because we will be getting a significant amount of money back from the investors. So, that project will require no incremental funding from GPL, in fact, will even in the short term, generate cash flows from that project. For hotel, we have completed design and we are in the regulatory approval stage. At least for this financial year, I expect virtually no CAPEX there either. I think construction probably will only get started the subsequent financial year. There, we don't really yet have an update on how we are going to financially structure that project in terms of whether we develop it through GPL cash flows and then monetize it in some way or look at some sort of different structure for that site. And when we have any update there, we will certainly provide that. But at least in the current year, we don't expect any cash outflow for that.

A. Chattopadhyay: Sure. And just one last housekeeping question. The last couple of quarters, you have had a significant spend on land. So, assuming like we don't add any more land parcels, excluding that assumption, so do you have any other substantial payments to go in this current financial year?

Pirojsha Godrej: Yes, they are all linked to approvals and things, but we do have significant outflows planned for things like Bandra and our Pune portfolio. But again, those will be linked now quite likely with the projects getting launched and things and the time line for that outflow given the higher value, for example, in a place like Bandra, we think we will be quite limited. But certainly, there are additional outflows required for those projects.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

- Puneet Gulati:** Is it possible to give some more contours on the deal which you are talking about where you are actually getting money back from your investors in Gurgaon?
- Pirojsha Godrej:** Sure this is a one-off commercial project that we are doing in Gurgaon under our build-to-core program that Godrej Fund Management manages. Now if that project will, actually our equity stake in that project will be reducing, and therefore, we will be getting some of that cash back and we expect that to happen even hopefully this quarter.
- Puneet Gulati:** But will the reduction in equities, you had got 1/3, about 30% kind of thing, right?
- Pirojsha Godrej:** So, that will reduce. Our terms on the fund has now been finalized at 20% GPL investments.
- Puneet Gulati:** Okay. Second. You also mentioned that you wanted to increase the stake of your share of business in many of these projects. What is the progress on these? Are you looking at existing projects, which you are doing or newer projects with higher stake?
- Pirojsha Godrej:** Puneet, largely of course on newer projects. I think we have a very active business development pipeline. What we are looking at quite a bit across market is large platform tax structures as we described them similar to the type, we did in Pune last year. So, I think we are thinking even 1 or 2 of these can make a very meaningful difference to the portfolio, and we are seeing such opportunities across all our focused markets. And I think the goal will be, hopefully, to close some of them during the financial year. We are also of course continuing to see a lot of opportunities at the one-off project level.
- So, I think most of the effort is certainly focused on new projects. But there are opportunities within the current portfolio also like this Okhla one, which make we think a great deal of sense and fit within kind of the current strategy of the company.
- Puneet Gulati:** Okay. Lastly, on my side. I know you started entering into these joint development agreements in a really big way from FY '17. So, conditions have significantly deteriorated since then. Are you seeing a lower-than-expected IRR from these projects? Or has that been largely going as per your expectations?
- Pirojsha Godrej:** It's certainly been going as per our expectations, but I would caution,, that we are still very early days, frankly, for any project added in the last couple of years, many of those projects still to launch. Certainly, all of them are still to be delivered. So, I think the proof of the pudding isn't really available yet. But so far, I think we are very happy with what we have seen. I think if you look at the kind of volumes of sales, we have seen across launches over the last few quarters, it gives us a lot of satisfaction. I think if you look at the pricing of those launches, there's no discount to kind of pricing from a couple of years ago. So, I think very much on track to date. I think if anything, the challenge in the market and the relative advantage that gives us has been better than expected. And I think we are quite happy with the progress over the last couple of years.
- Puneet Gulati:** Okay. So, the price at which you would have under written in FY '17 hasn't changed for you when you launched it now? And the sales velocity is better than what you had. Is that what I heard?
- Pirojsha Godrej:** I think by and large that is correct. Obviously, each project would be a bit different. But yes, I don't think at an overall level, certainly, there's no reduction in either pricing or velocity from expectation.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Just to confirm, we have 4,000 crore of gross debt and 3,000 crore of cash roughly about on the balance sheet?

Rajendra Khetawat: Yes, that's true.

Sameer Baisiwala: Okay. And this whole cash would be deployed for BD purposes.

Rajendra Khetawat: Yes.

Sameer Baisiwala: And earlier the net gearing target used to be somewhere around 100% to 150%, but now with much expanded equity. Any updated thoughts on that?

Pirojsha Godrej: So, I think that by and large, that still holds true. And again, the whole reason to raise this equity was to make sure that we were making the most of the kind of opportunities that are available in the market as it stands today. And certainly, no part of it was thinking that we'd like to replace debt with equity on the balance sheet. I think we believe one of the competitive advantages we enjoy in a sector where liquidity is such an issue is the cost of capital for most players is such an issue is that we are able to access debt at industry-leading costs. I think our average borrowing cost today is a shade over 8%. So, we are quite happy to maintain that balance on the balance sheet, and I think you will see that net gearing number, hopefully, escalate quite a bit over the next year or 2 as we see some of these business development deals we are looking at. And I think that broad target range of 1:1 to 1.5:1 is something we would like to maintain.

Sameer Baisiwala: Okay, great. And just one final question on the industry consolidation. We are already hearing that I think different reports say different things, 50%, 70% of small developers are getting consolidated. Anything that you are seeing on the ground? And what does it mean, does it mean that those projects have stopped, and the largest player is buying into those projects? Or any thoughts on the industry dynamics.

Pirojsha Godrej: Yes. I think this process of consolidation, I mean, we have been talking about for 5 or 6 years. It's very quite visible, and I think certainly have come under greater focus with the introduction of the real estate regulation act and of course all the challenges we have seen in the market post this IL&FS situation. I think people are exiting or companies are exiting the market is happening in a few different ways. Certainly, one of those is through partnering with larger developers for projects, and we have seen that almost all our new projects now are in partnership with other developers. You are also seeing some situations where banks and NBFCs are taking over projects of companies and some smaller companies are just exiting whatever they have at the moment and clearly realizing that they don't want to remain in the sector. So, I think there is a variety of different shapes this is taking. But I would say the overall situation continues to be very difficult. I think post this NBFC issue. I think the number of developers that are under stress has only increased, including I think some of the larger ones. So, it is a very dynamic market at the moment. I think there is a lot of challenges, but certainly, at least an equal amount of opportunities from our perspective.

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

Abhinav Sinha: Just one question on the broader market as well. So, you would say that the markets are relatively weaker now than they were, say, 1 year back or it still varies only location which we are looking at?

Pirojsha Godrej: I mean, that certainly does vary from location to location. But yes, I think as a board statement, things are probably a bit weaker for the sector now than a year ago. I mean a year ago was also bad, but I think it has certainly got lower since this IL&FS issue. Let me just qualify that a little bit. I think it is probably more from a funding access for developers, the things have gotten worse then really from a customer demand perspective. I think the customer demand was not outstanding by any stretch is not worse than it was a year ago. But I think the sector is in greater pain because their access to liquidity through NBFCs is certainly much worse than it was a year ago.

Abhinav Sinha: So, you are basically seeing that overall sales are roughly the same but launches are lower. Is that what you are saying?

Pirojsha Godrej: You mean for us or for the industry?

Abhinav Sinha: For the industry.

Pirojsha Godrej: Yes. I think if you look at, again, the better proposed leading developers in each city, if you look at their numbers, I am not seeing any reduction over the last year. I think, however, if we look at the broader industry underlying that, I think things have been terrible both now and last year. But I wouldn't say there was due deterioration from last year. But again, that's not saying much given how badly, most players are struggling even last year.

Abhinav Sinha: Right. And secondly, for the broader industry as well and maybe from your own experience, is availability of mortgage an issue for any segment?

Pirojsha Godrej: No, I don't think that's the key issue. I think it's more of a construction loans and other fundings that developers were accessing from NBFC that has come to nil. I think there's a little bit of, because some of the HFCs and NBFCs are under huge pressure themselves, there are certainly instances where people aren't disbursing sanction loans, both construction loans and mortgage loans. But I think there obviously are opportunities at least for better developers or customers or better developers to work with banks and so forth.

Abhinav Sinha: And then second, just on the P&L. So, going forward in the year, I mean, with Trees delivered, what is the next sort of major project, which we can see being delivered from the revenue profit perspective in the next few quarters?

Pirojsha Godrej: I think we still have a little bit in the trees first of all. I think there's a small portion of the second phase that still hasn't been recognized and the entire third phase that hasn't been recognized. I think honestly, after that, there is no project of sort of equal magnitude for the next couple of years. But there are a lot of projects that I think will have positive impacts. We have had good sales in places like our Greater Noida Township and several other of the launches that you have seen over the last couple of quarters. I think one of the big focus areas is making sure the revenue recognition of those projects happens sooner. And I think in terms of projects that we hope to launch this year, there are several, which we think will be quite significant when they reach revenue recognition, including this project in Okhla we were discussing earlier, including of course the project in Bandra, the new project we added in Chembur and RK Studios this quarter. But I do think that it's going to be a little more distributed for the next few years than it has been with The Trees, which is of course, both a good

thing. But I think yes, there are not too many projects in the next couple of years that are equivalent to The Trees.

Abhinav Sinha: Sure. And one last bit. Since we had this news flow around the group's land in Vikhroli during the quarter. Does this impact when we are able to next launch any large project in Vikhroli, or these things are independent, or you will put a time line to this?

Pirojsha Godrej: Yes, this doesn't impact the timing of the launches. We still hope to do that towards the end of the financial year as we discussed. And I think while obviously, these reports were grossly speculative, I think we are not seeing any change as of now to what we have communicated on Vikhroli either from a timeline or what the structure is.

Moderator: Thank you. The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.

Parvez Akhtar: Just one question from my side. I mean in view of the liquidity crisis in the industry and especially after the end of the subvention scheme. What are our views on pricing in general in the industry?

Pirojsha Godrej: I think we will have to wait and watch how things play out. And clearly, I think it's this current situation, which is already very bad worsened into a full-blown crisis. I think there's certainly the possibility that in the short term, prices will correct. That said, I think if we look at it from a slightly medium-term point of view, we believe there are a lot of indicators that actually the sector should come out of this cyclical downturn. One, of course, is that affordability is now the best it's been in more than 15 years. Interest rates are the lowest they have been in the last decade. People's incomes have been rising over the last 5, 6 years while property prices are flat. And the other thing that's important to keep in mind and what leads to a typical real estate cycle both here in India and globally is exactly because when things are good developers overcommit supply. That creates its own set of problems, takes some time for it to work through as we are seeing now.

But when things are bad as they are now, the number of developers who are focused on growth or focused on project additions and new launches also comes down very significantly. And what that does is significantly limits supply. And as and when demand does pick up you then get into the next leg of the cycle. So, it is anyone's guess whether that timing is something that is imminent or something that's 2 years away. But it's very hard for us to see why 3 or 4 years from now, the sector wouldn't be in a much better place and wouldn't be in a typical up cycle that you see in the sector.

I also think, frankly, that in some ways, it's almost good that the clear problems in the economy are becoming as apparent as they are, because I do think that will cause decision-makers in the government and RBI and so forth to take proactive steps to get demand moving again. If you read the RBI policy statement, for example yesterday, in addition to a 35-basis point interest rate reduction, I think clearly called out that its focus would be on driving private investment.

In my opinion, there's no way to get the Indian economy moving without getting the real estate sector moving. And so I think that will be a big focus. And while I don't expect the results to be immediate, and I do think we are probably in for a tough few months, my sense is that it's quite unlikely that over the next couple of years, you won't see a turnaround in the sector. And our hope is that if we are intelligent and outstanding in our execution over this period, and if we are able to make sure that we strengthen our project portfolio through adding projects when valuations are more

reasonable and when more developers are willing to have such conversations, we then think that, that timing could work extremely well as the next upcycle starts.

Moderator: Thank you. The next question is from line of Tanuj Mukheja from Bank of America. Please go ahead

Tanuj Mukheja: Could you please elaborate some of the key reasons why we haven't seen any project launch in Mumbai in the last 6 months?

Pirojsha Godrej: Yes. I think we don't have any projects with the full regulatory approvals in place that are ready to launch. And there will be, we think, hopefully, several launches this quarter even. But until these regulatory approvals are final and done, there's always some uncertainty. But I think scaling up in Mumbai is one of the key priorities of the company this year. And hopefully, if things like our Chembur project, our Vikhroli project, our Bandra project and several others that we have planned do get launched, we will see a big improvement in Mumbai sales.

Tanuj Mukheja: Great. And as we look at your Slide #14 of your presentation, the planned launches, you have planned approximately 3.8 million square feet of projects to be launched in Mumbai alone. So, that's why I want to check with you, are you confident that you will be able to launch approximately 4 million square foot for sale in the remaining 7 months in this year?

Pirojsha Godrej: Again Tanuj, I think there's a similar question earlier. I think we are not experienced enough at this point to say that we are 100% confident that all regulatory approvals will come in. Almost all of these projects do have some aspects of regulatory approval finalization to them. But I can certainly say that if the regulatory approvals are in place, that we are very confident of operationally launching this number of projects and are extremely confident of ensuring a good response to these projects as well.

Tanuj Mukheja: And lastly, a few database questions. Could you please help me with the revenue recognized this quarter from your Trees and Infinity project?

Rajendra Khetawat: So, the revenue recognized from Trees were around 550 crore. Infinity being a one-line item, the only profit portion flows into the P&L, which will be around 20 crore - 25-odd crore.

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

Manish Jain: My question was on the construction timeline reduction initiative that we have taken, the finished Trees in 32 months. How has been our progress across all the 4 key focused markets that we are targeting?

Mohit Malhotra: Manish, a couple of points. One is getting greater efficiency within the technology like Mivan which we are doing where we have seen success in Trees, we are also targeting very fast time lines in projects in Pune. So, those are efficiency-based improvements where instead of typically 3-3.5 years, you might cut it down by 6 months. But the real game will change when we can adopt the new technology, which we have been speaking about. Now there's a lot of progress happening on that. And we are evaluating to implement Pre-cast Plant in our Pune portfolio, especially in the light of the scale, which we are going to operate there. Now this is significant. These are strategic decisions that we have to get it right, because it's a big investment. So, we are taking our time to get those in the right direction, but we are very clear strategically that is the direction we want to go to.

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

Kunal Lakhan: So, just trying to understand, like we are almost done with The Trees in terms of sales and even like completion is pretty much on track. Just wanted to understand that in the FY '20 launches the Vikhroli mixed use, this is not part of the other projects, with G&B, where we are basically development manager. Is that right?

Pirojsha Godrej: It is part of DM arrangement with Godrej & Boyce.

Kunal Lakhan: Okay. But I thought that development was only residential, this says mixed use.

Pirojsha Godrej: Yes. It is largely a residential development, but for The Trees, we don't intend to do the whole thing given the scale as all residential. So, there will be other aspects, but it is certainly much more residential currently the plan than The Trees itself were.

Kunal Lakhan: Okay, sure. And secondly, Rajendra, how much of revenue is yet to be recognized from the old legacy low-margin projects?

Rajendra Khetawat: Kunal, I can give that offline. I don't have that detail ready with me right now.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.

Pirojsha Godrej: Thanks very much again for joining us. I hope we have been able to answer all your questions. If you'd like any additional information, please don't hesitate to reach out to us. Thanks again.

Moderator: Thank you. Ladies and gentlemen, on behalf of Godrej Properties Limited that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.