



“HDILQ3 FY18 – 19 Earnings Conference Call”

February 14, 2019



MANAGEMENT: MR. SARANG WADHAWAN – VICE CHAIRMAN AND MANAGING DIRECTOR, HDIL

Moderator: Ladies and gentlemen good day and welcome to HDIL Q3FY18-19 Earnings Conference Call. As a reminder all participants' 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, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded I now hand the conference over to Mr. Sarang Wadhawan – Vice Chairman & Managing Director from HDIL. Thank you and over to you, Mr. Wadhawan.

Sarang Wadhawan: Good evening everyone. The Results of the HDIL for the Third Quarter Ended 31st December, 2018 on a consolidated basis are as follows:

The total income of the company stands at Rs. 225.93 crore, the PBT stands at Rs. 23.80 crore, the PAT stands at Rs. 19.04 crore, the debt of the company has reduced by 6.75% to Rs. 2007 crore, this is on a consolidated basis. The company has in the quarter accounted for incomes from sale of FSI of certain line parcels at Virar as well as certain sale of TDR within Mumbai. The total TDR sale for the quarter was to the tune of Rs. 83.68 crore and the balance was sale of FSI to the tune of approximately Rs. 140 odd crore. Overall it has been a successful quarter for us as far as debt reduction is concerned, the company is continuing on its debt reduction path and we hope that we will be able to achieve all the target that we have set for the year. If there are any questions, I would like to take them now, thanks.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the Question and Answer session. The first question is from the line of Indraneil Gujral from Gujral Hotels Pvt. Ltd. Please go ahead.

Indraneil Gujral: Good to see FSI and TDR sales picking up. My question is regarding any transactions with reference to Blue Star; what has happened to Blue Star over the past few months and could you please share some light on that?

Sarang Wadhawan: Blue Star was the subsidiary of HDIL and the investment in the company has been removed. The company has been sold ahead and this has happened in the month of April actually and for this the dis-investment was actually accounted for and it was done at the cost value.

Indraneil Gujral: So from what I gather, the cost of the preference shares was about Rs. 800 a share and the cost of the equity shares would be much less. So what is the total amount we have recovered?

- Sarang Wadhawan:** HDIL recovered an amount of about Rs. 230 crore from the dis-investment.
- Indraneil Gujral:** Now at the same time, did Blue Star receive any unsecured loans from the Adani, before the dis-investment; before the sale of the subsidiary did Blue Star take any unsecured loans from Adani?
- Sarang Wadhawan:** No, Blue Star has not taken any unsecured loans at any given point in time from Adani group.
- Indraneil Gujral:** Okay, so I saw one of Adani's board resolutions, it says that all shares of Blue Star?
- Sarang Wadhawan:** That is between the intra company transaction whether it has been purchased by Adani Ports or whether it is in Adani Realty, that I would not be privy to that. And I do not know which board resolution you are referring to.
- Indraneil Gujral:** I am referring to board resolution put up by Adani Logistics in which Adani Logistics resolved to buy Blue Star from Micro Gate redeemed at a price of Rs. 24 crore. So was the transaction of Rs. 24 crore or a Rs. 230 crore?
- Sarang Wadhawan:** Our HDIL's cost value of Rs. 230 crore has been divested and that is what the transaction value to HDIL is.
- Indraneil Gujral:** Is that loss on AE, market estimates of the land that was owned are much higher, so that ...?
- Sarang Wadhawan:** No actually that is the market to our value of the property and that is exactly at the market value that the transaction has been completed.
- Indraneil Gujral:** So probably near to the ready-reckoner prices?
- Sarang Wadhawan:** Yes because see if you are looking at the market value post development, it would have been higher but for a bare land transaction the market value is as per the ready-reckoner.
- Indraneil Gujral:** Okay, so this cash that we generated from the sales of subsidiary, we never saw it come on because we did not get a standalone balance sheet last quarter. So we never know if this cash has been utilized in this.
- Sarang Wadhawan:** If you do look at the balance sheet of the company over the last one year, you will notice that the company has substantially de-leverage and the company has substantially paid off outstanding vendors and other payments have been completed.

For all the funds that have come in to the company have been utilized in a manner which the management has got fit at that given point in time to reduce debt or reduce outstanding.

- Indraneil Gujral:** What would be the ready-reckoner price of the Cochin property that was ..?
- Sarang Wadhawan:** I honestly, I mean if you require any further details, I would suggest for a particular transaction you can actually speak to ...
- Indraneil Gujral:** I have sent a number of emails, I just do not get any reply.
- Sarang Wadhawan:** No I understand that but if you want particular details on this transaction you can contact our CFO, Mr. Darshan and he will be glad to...
- Indraneil Gujral:** I contacted him regarding on last con call I asked you about the Ravijyot amount, for what price was Ravijyot divested. I did not get that either the last con call or on my emails. So I take this opportunity very seriously, so thought you could be able to help me with the Ravijyot number as well.
- Sarang Wadhawan:** I honestly, I will ask Mr. Darshan to provide you all the details regarding any questions that you have or you can email me directly as well and I will forward the required documentation.
- Indraneil Gujral:** Okay, I have another question; with reference to the, a number of cases in Bombay High Court that have been filed against Guruashish, what is the status of them, the third party associated?
- Sarang Wadhawan:** Guruashish currently is under the IBC Court. MHADA has taken over possession of the property of Guruashish for which the company Guruashish did or the resolution professional has gone to Supreme Court against the MHADA's action. The case was supposed to be decided this month, however, the court has adjourned the matter and the matter is slated for this month end, once the Supreme Court decides on the possession of the property or on the existence of Guruashish as it may be, the Guruashish resolution will be taken up. The resolution plan has already been filed in the NCLT and once we have clarity from The Supreme Court on the MHADA's action only after that can the resolution plan can be pushed ahead.
- Indraneil Gujral:** What are the contingent liabilities that may come up on HDIL, if in a worst case scenario?

Sarang Wadhawan: See being a subsidiary of HDIL, at that given point in time the only liability that can come on HDIL is completion of the project of Guruashish since MHADA would take over HDIL taking over the project, if in case Guruashish goes into liquidation, however you understand the fact that, that project has its own dynamics. HDIL would have to complete different components of the project; along with it there is enough in the project to ensure that HDIL does not have any monetary loss with regards to that project, the project itself is liable even today as we speak and HDIL would be glad to go ahead and complete the project given an opportunity by MHADA.

Moderator: Thank you. The next question is from the line of Puneet Amin as an Individual Investor. Please go ahead.

Puneet Amin: Hello Mr. Wadhawan, congrats on the fantastic results. I just wanted to ask what is being done about these all projects in Whispering Towers, Majestic Tower and the Palghar project?

Sarang Wadhawan: The Palghar project is slated to start in the next 7-10 days, the funding for the contractor has already been completed and there is a mobilization which is currently going on at Palghar, we hope that within the next 7-10 days work is going to start there. With respect to Majestic, there is a currently an endeavor by the management to get into an arrangement with one of the developers of Mumbai to do development management agreement. We have received the first drafts of the MOU between the two parties, we are hoping to close that out in the next 7-10 days' time and hopefully that project will take off soon. We are also in talks for Whispering; we are trying to arrange the funding. The bank funding towards Whispering is currently not available, however as our private equity investment is slated to come into that project, we are hoping that we should be able to immediately start that as well. It is a developing situation, we do understand that the customers are getting a little frustrated with respect to the delays in the project, however most of the funding that the company is currently receiving is going towards our bank debt repayment and as such the stress on the cash flows is only due to debt reduction. Our projects, we have been able to car out some funding for the projects and hopefully most of the projects will self-sustain over the next few months.

Moderator: Thank you. The next question is from the line of Indraneil Gujral from Gujral Hotels Pvt. Ltd. Please go ahead.

Indraneil Gujral: Sarang, as far as the cost of Blue Star is concerned, half shares were preferred shares and half were equity, now the cost of the preferred shares again is what I remember

about 800 shares, if we put that value to the entire amount of share which you were about Rs. 70 lakh, so that works out to about Rs. 560 crore. So is this not at a loss because half of the shares be in...?

Sarang Wadhawan: That is exactly what I said, if you get stuck on one transaction and ask me questions on a con call it becomes difficult when I do not have the data available with me right now. So I would suggest that if you have any particular questions, if you can email them to me and with whatever.

Indraneil Gujral: Emails always go un-replied.

Sarang Wadhawan: No, to my email, if you can send it to me, I will ensure that you get a reply on the question with regarding any particular transaction and it will be answered.

Indraneil Gujral: This is a big transaction about you know..

Sarang Wadhawan: I understand, every transaction for us whether it is a Rs. 500 crore or whether it is even Rs. 10 crore, is big for us. So I do not foresee, I do not think that, that is the issue here, the issue is the transaction itself and if you have any particular question on a particular transaction, you please either email me or if you want, you can come and see us also and we will be glad to answer all your questions.

Moderator: Thank you. There are no further questions; Sir would you like to add any closing comments?

Sarang Wadhawan: Thank you everyone for joining us on this conference all and hopefully we will come out with a better set of numbers in the year end as well. So thank you so much.

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of HDIL that concludes this conference, thank you all for joining us and you may now disconnect your lines.