



“Ashiana Housing Limited Q3FY11 Results Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Ashiana Housing Limited Q3FY11 results conference call. As a remainder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Gaurav Sud, thank you and over to you sir.

Gaurav Sud: Good evening everyone, this is Gaurav from Kanav Capital. It is my pleasure to welcome you all to the Ashiana Housing third quarter FY2010-11 investor con-call. This call is being held to discuss the performance of Ashiana Housing for this quarter and to answer any questions and queries that you might have. I hope that all of you had a chance to go through the quarterly results and the investor presentation that has been sent out earlier. Today on the call, we have Mr. Varun Gupta, Director Finance; Reena Nagpal, the Investor Relations Analyst; and Mr. Bhagwan Das, the Company Secretary from Ashiana Housing. I would now like to hand over to Mr. Varun Gupta, Director Finance of Ashiana Housing.

Varun Gupta: Good evening everyone. Thank you for joining us to discuss the Q3 FY11 performance of Ashiana Housing.

At the onset of this financial year, we decided that as we grow, we will, among other areas, start focusing on creating the synergies within the entire value chain of building and delivering happy homes and the efforts put in the last 3 quarters have started showing results. Construction momentum has finally picked up and Equivalent Area Constructed rose to 3.17 lakhs square feet for the third quarter as compared to 2.36 lakhs square feet previous quarter.

Among other things, we have constituted a position of labor master whose sole responsibility is the provision of labor at site and labor welfare. We have also implemented material management software across locations.

Under a rebranding initiative, taken for senior housing Utsav caption has been changed from the earlier adoption of 'Utsav - Retirement Resorts' to a more contextual version 'Utsav - Active Senior Living'. Active Senior Living better communicates Utsav's promise of an active and independent life with dignity.

The quarter has been quite challenging on the Lavasa project. The construction was stalled and bookings affected because of the MOEF stay order. Stoppage has costed us approximately Rs. 60 lakhs already and costing about Rs. 20 lakhs a month, but more importantly we have lost precious time at the Lavasa site. But now as per the latest order of MOEF dated 17th January 2011, Ministry is considering the project on merits after payment of some penalties and perforation of environmental restoration fund. As per the clause 21C of the same order, Lavasa Corporation Limited is required to submit detailed documents on the progress of the project, current status and future planning phase wise. We expect the current issues to be resolved

amicably in the next couple of months and work to resume soon and we will be able to ramp up the affected progress in the next 12 months.

The bookings for the 9 months ended 31st December 10 nevertheless increased to 9.71 lakhs square feet as compared to 4.55 lakhs square feet for the corresponding period last year, an increase of 113%. For the quarter, area booked increased by 67% year-on-year to 3.05 lakhs square feet from 1.83 lakhs square feet in the corresponding quarter last year. This quarter, we launched Aangan Phase VI for a booking which also includes a commercial complex Aangan Plaza comprising of 41 units in the same phase.

On financials this quarter, Ashiana reported sales and other income of 26.38 crores as against that of 26.44 crores in the corresponding quarter last year. The profit after tax recorded an increase of 23% rising to 7.24 crores from 5.87 crores in the same period last year. Increasing share in profit of partnership funds has led to increase in profit; however, since partnership firms are not consolidated line by line, the sales have not increased in the same proportion. As a considerable number of bookings during the quarter were in those phases where the threshold of revenue recognition has not been surpassed, Revenues and PAT have not increased in the same ratio as the bookings. In the fourth quarter, we expect Aangan Phase IV to start recognizing revenues and help financials to rise substantially. At this point, I would like to conclude my remarks. We will now be happy to discuss any questions or suggestions that you may have.

Moderator: Thank you very much sir. The first question is from the line of Niraj Marathe from HU Consultancy. Please go ahead.

Niraj Marathe: First one was the clarification about Lavasa, just wanted a clarification from your side whether the project is under the 1000 meters from the sea level height and second thing is whether we will have to pay any fine in case the environment, just a clarification?

Varun Gupta: It is below 1000 meters. I think it is 600 odd meters is where our particular project is located. I can come back with exact figures, but we have to recheck that. In our belief only the gate of Lavasa is about 1000 meters. I do not think we will have to pay any fines on the matter because we have not received any notice or anything.

Niraj Marathe: Second was out of the total capital employed which is roughly around 140 crores this March ending, how much could be sunk into Lavasa project?

Varun Gupta: It will be more or less 8 crores of equity that has gone into Lavasa.

Niraj Marathe: Third one was during with this entire bit of a problematic phase at Lavasa, have you seen any bookings happening and have you reduced the rates there?

Varun Gupta: We have not reduced rates, we have had bookings. The rate of bookings has declined. They were averaging about 10,000 square feet a month till November. In December, we just had 3200

square feet, but in Jan we have had 7600 square feet booked. So there has been booking which is happening. I think most people believe as to what we believe is that the project will eventually come through and it is the passing phase. So that is it and rates have not declined at whatsoever.

Niraj Marathe: The average revenue per square feet has been down this quarter compared with the previous quarter. Is this because of lesser bookings on Lavasa because there were high realization bookings.

Varun Gupta: There are two combined effects. One is the lesser booking to Lavasa and the second is higher booking from Jamshedpur. Jamshedpur is a Rs. 1550 per square foot project. I think 15 to 16% of bookings this quarter were from Jamshedpur. The combined effect of both is there. So this quarter-on-quarter figure will not make much of this decline or upward increase also. Upward increase is also sometimes lower, what happens is, certain project with higher value kicks in.

Niraj Marathe: You are not seeing an overall depression in the entire crisis all over, nothing like that happening?

Varun Gupta: There is no depression, if anything is, it is the other way round. The bookings are strong, but this quarter was particularly lower as this quarter is always the weakest quarter as compared to what other people think. The festive season is the worst season for real estate bookings. When you are in a festive mood; you are not in the mood to buy a house. It is just like that. October was just 70,000 square feet odd booked I think and so out of the 3,05,000 square feet, October was 78,500. So most of the decline was in October, otherwise things are relatively good. January, we saw again 1,07,000 square feet booking happening and this is when Lavasa is not contributing as much it could contribute.

Niraj Marathe: Just one final question. Over the past about 1-1.5 years, our Investor Relations Department has been pretty active as far as conveying the message and the performance of the company is concerned. We have also put up various notices on the BSE website regarding certain good things that are happening with the company. To be very frank with you, why did not you put up anything, any statement from or clarification or announcement or communication from your side on the entire Lavasa issue, why was that?

Varun Gupta: We did not have enough clarity as what to communicate because whatever we were getting as information, it was also in the news. We have not got any separate information to really communicate and we also did not want to communicate without having the HCC approval as to what we were communicating because we did not want to communicate anything that might have been incorrect because we were in the papers. So not having knowledge that was confirmed and vetted completely, we did not want to miscommunicate. We would rather not communicate than communicate wrong information.

Niraj Marathe: Thanks a lot, that is all from me.

Varun Gupta: Thanks Niraj.

- Moderator:** Thank you. The next question is from the line of Ishpreet Batra from Sushil Finance. Please go ahead.
- Ishpreet Batra:** Good evening. First of all wanted to ask how much of revenue have we accounted from the Lavasa project?
- Varun Gupta:** Just give me one second as to what revenue has been. We will come back on to that in just a quick moment we will have it. You can go ahead, shoot with other questions.
- Ishpreet Batra:** Also I wanted to know about the area constructed also in Lavasa till date?
- Varun Gupta:** Till date in Lavasa, we have spent about 13.95 odd crores on construction. So that would translate into roughly about I would say one lakh square feet a little lesser than that, about 85-90,000 square feet.
- Ishpreet Batra:** Approximately 1 lakh square feet?
- Varun Gupta:** Yes, so little lesser than one lakh square feet about 90,000 square feet.
- Ishpreet Batra:** And also how much is the booking in Lavasa?
- Varun Gupta:** Lavasa booking till date has been close to 1,96,000 square feet.
- Ishpreet Batra:** So just get me with the recognition numbers, revenue recognition?
- Varun Gupta:** I will come back with the recognition numbers. I would like to share about 13-14 crores is what the figure that is off top of my head, but. We have received about 30 crores as customer receipts and we have spent about 24 crores in direct expenses including land and about 5-6 crores in indirect expenses.
- Ishpreet Batra:** 20 crores you spent in direct expenses?
- Varun Gupta:** Including land and indirect expenses about 6 odd crores, little bit more I think 6.5 crores.
- Ishpreet Batra:** And of Rangoli Gardens, has the revenue accounting been started, revenue recognition?
- Varun Gupta:** We have not started Rangoli Gardens revenue recognition at the moment. We have recognized 18 crores of sales in Lavasa.
- Ishpreet Batra:** 18 crores have been recognized?
- Varun Gupta:** Yes.
- Ishpreet Batra:** And for Rangoli, would we be doing it in the fourth quarter recognition?

- Varun Gupta:** Will be like hit or miss fourth quarter, may be first quarter we are about hitting that line. So I am not so sure. The same is with Aangan Phase V. Aangan Phase IV will definitely be there. Aangan Phase V will also be a close thing, but we are conservative in nature. Like Aangan Phase IV, we were close this quarter, but we were conservative on the 1%-2%.
- Ishpreet Batra:** And also as given in the presentation project wise, we have area which is launched and area which is booked of individual project, if we could also get the area constructed, the approximate figures?
- Varun Gupta:** We will come back as to whether we can share that or not. If we do share it, we will put it up on our website and put a notice to the stock exchange as well.
- Ishpreet Batra:** And also there was to be addition of 50 rooms in the hotel, is it done already?
- Varun Gupta:** The rooms have been added. This quarter is also looking good now. The last quarter, the hotel business has picked up and we expect to do pretty well this quarter. The hotel should throw about a crore of cash this quarter.
- Ishpreet Batra:** In Q4?
- Varun Gupta:** In Q4.
- Ishpreet Batra:** And what is the kind of occupancy that we are seeing off lately?
- Varun Gupta:** About 55%.
- Ishpreet Batra:** Around 55% and the rate?
- Varun Gupta:** About 2700-2750.
- Ishpreet Batra:** Also the retail occupancy rate of 45000 square feet.
- Varun Gupta:** We are still at the same figure of 8300 square feet. I think in the retail part, one thing that I would like to say is that we are learning the business right now. So it has been risk, even though we have had anchor in, but we have finally hit I would say advance negotiations for another 12-13,000 square feet. So once we get that close than more square footage should start showing up on the retail, but this last quarter was a huge learning experience for us in terms of the retail bit. We also organized an execution this month where we were able to get about 25 brands to our site and about 120 potential tenants to meet at our location. So expectations are positive, but the last quarter in terms of leasing has been pretty poor.
- Ishpreet Batra:** Also since you have already mentioned we had a booking of 78,500 square feet in October and Jan around 1,07,000 square feet. If you could share us with the November, December figures also?

- Varun Gupta:** We had 1,26,000 in November and about 1,00,000 in December.
- Ishpreet Batra:** And how about Lavasa in terms of booking; October, November, December?
- Varun Gupta:** November we had 10,000 square feet, December 3200 square feet, in January 7600 square feet.
- Ishpreet Batra:** In Jan 7600 and October?
- Varun Gupta:** I do not have that figure right now.
- Ishpreet Batra:** Thanks. Also if possible if you could share us with the construction numbers as well.
- Varun Gupta:** We will definitely think over it and will come back. If we do share it, we will put it up on the website and the stock exchange.
- Ishpreet Batra:** Okay fine, thanks, that is it from my side.
- Varun Gupta:** Thank you Ishpreet.
- Moderator:** Thank you. The next question is from the line of Ayush Mittal from Mittal & Company. Please go ahead.
- Ayush Mittal:** Good evening sir. I was a bit concerned by the drop in the turnover this quarter despite a very strong booking and construction momentum?
- Varun Gupta:** As I said, it depends also where the bookings are happening and all those particular phases are in, let us say revenue recognition mode. Majority of let us say Bhiwadi bookings happened in Phase IV which did not hit revenue recognition. We also had a substantial amount of bookings in Rangoli Gardens which did not hit the revenue recognition. Greenwood also had very good bookings and that hit the share in profit of partnership firms substantially. So it depends on a lot of things. I would not personally make so much of quarter-on-quarter numbers in our business. We do not like to look on quarter-to-quarter profit or revenues recognized. Every quarter, these things will be volatile in nature. So I would suggest myself to not make too much of it. We will probably have a very good QoQ4, but then I would not make too much of that either.
- Ayush Mittal:** So what is the significance of equivalent area constructed is it an indicator of the revenues which will be booked?
- Varun Gupta:** At the end of the day, let me switch to Hindi, we look at business in simple way. “*Kitna bech rahe hai aur kitna bana raha hai*”. The equivalent area constructed is a figure which gives you an idea of kitna bana raha hein and area booked tells you what we are selling. We get into that because it is harder to track in a real estate company from the revenue recognized as to what is actually happening inherently in it. In the manufacturing organization, the revenues give a sense of how much you are actually selling in and the production kind of, you get a sense on how much

has been produced, but because of the nature of real estate those are two metrics exactly we look at on a daily basis. We get those figures internally daily to measure how well we are producing and how well we are selling. So that is the real essence of it.

Ayush Mittal: And similarly like I was hoping that maybe the realizations may be going forward, but they have actually started dipping since last two quarters?

Varun Gupta: I would not make too much of that either of the stats. The dip has been again because of a higher proportion of area sales which are lower priced. If you look at it in the area both chart about Jamshedpur which had contributed 6% in April-June and 13% in July-September, now it has become 16%. So it has started contributing a higher percentage. So that is the, I would say a primary driver of the drop on an average basis, otherwise sales prices are generally stable or rising either of the two depending on the market.

Ayush Mittal: How is the price in your core area like in Bhiwadi and Jaipur?

Varun Gupta: Very-very good. In Bhiwadi, we have actually launched the Phase V of Aangan which has been priced about Rs. 200 square feet higher with better specs. So pricing seems to be good. As we are actual user driven, we expect if salaries and compensation of people in general increase at the end of this year, then we should have a positive impact on prices for the next year as well, that said, higher interest rates on the home loan is a concerning aspect, but then again internally right now the biggest thrust is on getting volumes going. This gain is about volumes, the return is more or less more driven by velocity and less driven by price increases in general. Money has to come in a little quickly. So we see good volumes that are the biggest positive right now.

Ayush Mittal: And like any new projects in Bhiwadi?

Varun Gupta: We are not launching anything right now, but in general we are in a land acquisition mode because we are cash rich right now. So we should have some land acquired over the next 6 to 9 months. We are in advanced negotiations in various locations, but nothing concrete enough yet to talk about.

Ayush Mittal: As an investor in your company, it is tough to judge the performance on quarter-on-quarter basis. So what should be your expectations for this year or time ahead like EBITDA percentage, which you target to grow on the top-line, bottom line or something like that?

Varun Gupta: We target the area to grow on a percentage basis I would say, if that is there. Our internal targets have been on the area. Our view is to keep building and selling the area and one time or the other the revenues will start flowing in the books. If you make a minimum margin on a per square foot basis and are able to sell the area, profits will not be going anywhere. So that is the view that we have. As we said, immediate 2-year target in the financial year 12-13 is to get 20 lakh square feet capacity year-on-year. So that is the view we are taking. We are putting some significant thrust areas to get there. We spoke about labor improvements. This year we see labor as being a

challenge. So we constituted a new position for labor to get square footage construction going. So those are the two primary numbers that we track internally on a daily basis.

Ayush Mittal: And as a business model for you, how this inflation affects you like your sales realization remains constant more or less while the input costs have been rising quite frequently?

Varun Gupta: I would not say that they affect negatively in the long-term because at the end of the day inflation is rising and selling prices of homes also have to increase because affordability will increase because salary increments will also track the same, but in the short run yes input cost do rise and can be concerning, but on the input cost right now, we segregate them into two factors. One is on the commodity side where I think inflation is more cyclical in nature. In the last two years, steel prices have gone from 50 to 30 and now back to 40 and it had gone down as low as 25-26 also for a time being. Now it is a timing issue where we were unlucky, we consume most of our steel as 45, 40, and 35 bucks instead of the 25 to 35 bucks range. But we cannot control that. Commodity prices are most cyclical in nature and not long-term inflationary. Labor costs though are concerning where they become long-term in nature, they do not come down. They keep going up on a per labor man-day basis. So the long-term solution on that is to increase our efficiencies which is one of the thrust areas that we have for the next 3 years as to how do we increase our labor productivity.

Ayush Mittal: And any concern on labor availability also?

Varun Gupta: Very much that is why we put together a labor master position. At sites we never had that, now we have a person whose sole accountability at site is just to get labor. He does not do anything else. He takes care of labor. He ensures that they have proper housing, proper water, that we have the right kind of labor in the right numbers that this stage, their the safety is take care of, their welfare is taken care of, and the schools that we are running for their kids is done properly. We expect availability of manpower in this country to be a long-term problem and we need long-term solutions. So one of this is that and the other is how do we increase efficiencies. We think one of the biggest challenges going forward will be those.

Ayush Mittal: And one final thing like I think we all have been expecting that Lavasa project will be contributing significantly. Now that this a bit of problem in Lavasa, is there any change on that front?

Varun Gupta: I would say the overall delay will be about 6 months into revenue recognition if we start let us say construction again after next couple of months. So there would be delay, but it would not again impact contribution significantly on a 2-year horizon, but it will have impact on the next two quarters I would say.

Ayush Mittal: And anything major revenue booked from Lavasa till now or it is yet to be booked?

Varun Gupta: We had recognized 18 crores from Lavasa, as it was clarified earlier.

- Ayush Mittal:** Thanks a lot.
- Varun Gupta:** Thank you Ayush.
- Moderator:** Thank you. The next question is from the line of Shreyans Mehta from Aditya Birla Money. Please go ahead.
- Shreyans Mehta:** Good evening sir. Sir couple of questions. One hypothetical question. Sir if the work gets stopped at Lavasa, what is the recourse available to us?
- Varun Gupta:** Hard to say. Can we have recourse on Lavasa Corporation, it will be legally yes, but I do not think that Lavasa work will be stopped perpetually. What are those recourses will have to be understood. We have not factored in that probability in a large manner. We do not believe that the stoppage at Lavasa will be perpetual.
- Shreyans Mehta:** Say for example we are expecting the work to start in say next couple of months. If that gets extended, is there any recourse available before the same?
- Varun Gupta:** We have not thought that through. Our belief is that it should be restarted in the next couple of months. We have not started looking at our agreements with them and as to what recourse do we have and what recourse we do not have, but yes the accountability of getting the environmental clearance is with Lavasa Corporation.
- Shreyans Mehta:** So probably say for example 3 months is what we are expecting that goes through for around 6 or 9 months it gets extended. So we will be varying the cost, so is there any recourse?
- Varun Gupta:** It will be very difficult to comment Shreyans. Again I would rather not give an answer, than give an answer that is incorrect. We could come back to you in a couple of days after studying it, but we have not thought through that possibility. Our view is that it should start. We believe Lavasa has done a fine job on managing environment on ground. So that firm belief is there that they are one of the few people who have actually gone beyond general call of duties. I believe even the environmental team went; the support that they got from the local people was far-far beyond expectations and that shows that they truly care about the local economy and environment. So we believe that it should be cleared.
- Shreyans Mehta:** Sir secondly in terms of customer payments, are we seeing any delays in front of Lavasa?
- Varun Gupta:** Yes, there is, but that said, we are also not constructing either. So in both inflows and outflows, there is a decrease. So it is not as the cash flows are hurting as much. Cash flows will hurt us if we were constructing and we were not receiving money. In general, we tend to manage our cash flows that we take from customer advances and put it back in the site. We do not use these customer advances to go acquired lands till we have reached a substantial completion in the project. So we can meet our customer commitments.

Shreyans Mehta: Sir one more thing basically I wanted to understand the management focus, the thought process. On working in different locations, for example we are working in Jaipur, one in Pune, one in Bhilwara. Rather than focusing on same area, the same cluster why are we working in different areas because there would be mobilization cost and equipment cost and the cost related to the same?

Varun Gupta: The three locations that there are Jaipur, Jodhpur, and Bhiwadi are all in Rajasthan. Bhiwadi and Jaipur are kind of two hours away from each other, but that said we do not look at a particular region. So mobilization cost in a particular location let us say is not looked at what is the mobilization cost for that particular project. Our view to get into a location is to be in the location for the long time. So in that sense, the mobilization costs are not too high in that thought process. Secondly generally real estate markets are quite independent of each other Bhiwadi is technically in the NCR. If we let us say go into Gurgaon, we will probably set up a different team to handle Gurgaon. That is if we do. I do not know if we will or we will not and it will require separate approvals, it has separate governing laws for building, separate approval authorities, separate labor laws, and separate market drivers. So in essence they are very-very separate locations, they might be half an hour apart from each other. So that is the basic management thought process where we identify locations that we can be in the long haul for and we are looking to identify more cities that we can get into in the near future.

Shreyans Mehta: One last final question. Our focus would be on which major cities?

Varun Gupta: We have segregated our view on the regular group housing front to be in either locations that have either a population of a million or more or very fast developing economic economies and second to do retirement or active senior living communities in locations that have 25 lakh or more people in a city or they are satellites or magnets of that particular city. So Lavasa is let us say a satellite to Pune and Bombay where the customer is residing in Bombay and Pune. For Active Senior Living, our view is most of the customers will be in the major towns, so as long as we can get to a place which will be able to attract people from there, then we look at it. So we might even go to Amritsar or Hardwar thinking people from Delhi will be willing to move there because of the religious activities or Dehradun because of climate. I am just saying these places off the top of ahead. So we are not in particularly saying we will be only in these two-three locations. Our view is to add two to three locations in the next couple of years and depending on where we get the particular piece of land, where we get comfort in the local climate, lot of things will get determined whether we will go to that particular city or not.

Shreyans Mehta: Okay sir that is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Khushbir Singh Batra, an individual investor. Please go ahead.

Khushbir Singh Batra: I have few queries. What level of growth we are expecting in current year top-line and bottom line?

- Varun Gupta:** It will be hard to put in but I would say 10 to 15% would be the overall year on year growth.
- Khushbir Singh Batra:** What will be the effective tax rates for current year?
- Varun Gupta:** Excluding lets say partnership firms; it will be the rate of MAT which is 18% plus surcharge, which comes out to be approximately 20%.
- Khushbir Singh Batra:** Due to the rise in inflation how much our cost of construction has gone up recently in last few months?
- Varun Gupta:** Again it will be hard to factor in the effects of the commodity price inflation because we don't know its long term effects on us. Our labor prices have gone up in Rajasthan which will impact our cost in Rajasthan by about Rs.20 to 25 per square foot of remaining square foot to be constructed.
- Khushbir Singh Batra:** I understand steel prices too have gone up sharply over last few months. So will it have an effect on us?
- Varun Gupta:** See steel prices will do have an effect. Depends on how long they stick around. Steel prices can have an impact of about again for every increase of Re.1 per kilogram you can have an effect of Rs.2 and a half to Rs.4 per square foot. That is the amount of steel that is being consumed in a particular project. But it depends on right now in let us say Angan, it is free of steel, so it will not be impacted. All the steel that had to be consumed is consumed. So the timing of our steel consumptions also has a significant impact on how the steel prices will impact the cost of construction. Last time around it had quite a huge impact because most of our steel was consumed during the last run up in steel prices.
- Khushbir Singh Batra:** How much it contributes to the total cost of construction steel?
- Varun Gupta:** Sir, steel contributes anyways between 2 and a half to 4 and a half kilos per square foot of construction. If you do a G+4 construction that is closer to 2 and a half.
- Khushbir Singh Batra:** Percentage wise how much it is approximately?
- Varun Gupta:** Approximately it will be 15% of the cost of construction.
- Khushbir Singh Batra:** We have formed these two new subsidiaries, what are they going to do?
- Varun Gupta:** Sir it has been formed for land acquisition. They haven't done anything as of yet. We will acquire land in both subsidiaries.
- Khushbir Singh Batra:** As we discuss about the increase in the cost of construction, are we going to hike the rate also at different sites?

Varun Gupta: Sir again right now our view is that we can raise prices a little bit, but we will see that from a demand perspective more. If demand continues to be strong and our view remains strong on it for the next three to six months then price increases can be in order but price increases will be more from a perspective to ensure that the requisite volumes are in. I believe and the thrust of the company in sales will be on volumes.

Khushbir Singh Batra: Are we facing any problem in passing on the increase in the price?

Varun Gupta: Sir we have been able to hike prices at some locations as I said in Aangan phase 5, we increased prices, in Rangoli Gardens phase 1, we have increased prices to the tune of Rs.200 in Aangan phase 5 and to the tune of Rs.100 in Rangoli phase 1. But that said, we have also increased certain other charges that we take which is excluding basic cost which can also have price impact for 30 to 40 Rs per square foot. So our view also on the price increases will be to make small increments but multiple increments. But that said, the linkage and inflation increasing and our sales price increasing is not as much as to get demand driving our sales price increase. So if this demand remains continuous to be good, the way it is, then the marginal prices increases frequently can be in order.

Khushbir Singh Batra: How is the new inflow of enquiries at the different projects?

Varun Gupta: Sir it remains very good. We track our enquiries are generally doing well. Our site visits are also good. We have crossed 11 lakhs square foot for the year already. 11,500 square feet and it seems it continuous to be good. We are having quite a few booking every month.

Khushbir Singh Batra: How much will much increase in the cost coming back to the Lavasa, if it has to be regularized.

Varun Gupta: Sir I don't think we will have to bear any cost on it. It shouldn't have impact on our cost except for the cost that will be incurred and indirect expenses till the work will start. These are the four more precious months of construction. This is a best time to get construction volume going. So that is more concerning in the actual cost impact I would say.

Khushbir Singh Batra: Okay. Right thank you.

Varun Gupta: Thank you.

Moderator: Thank you. The next question is from Kartik Mehta from Sushil Finance. Please go ahead

Kartik Mehta: Good evening Varun.

Varun Gupta: Good evening Kartik.

Kartik Mehta: Just wanted to understand that we have done a booking of around 7600 square feet in the month of December? Right? In Lavasa.

- Varun Gupta:** In January
- Kartik Mehta:** Sorry in January. Okay. So what promises we are making to our customers who are coming out with a fresh booking though everybody knows that it is under a dispute zone as of now.
- Varun Gupta:** Nothing special.
- Kartik Mehta:** Because they must be asking you that by what time we'll be getting delivery or by what time you would be starting the construction or else these are known people who are coming and booking or those are the new people totally new coming out abruptly.
- Varun Gupta:** There have been new people, but they are mostly from referrals and one of them has been looking at this project for 2 years, hasn't booked earlier, booked in January itself.
- Kartik Mehta:** So what I would say in general thing that we are getting we are getting from our sales team is,
- Varun Gupta:** But no one will take the promises we make or not, if the person is not comfortable with the issue, he will not be willing to cut a cheque. He might as well wait.
- Kartik Mehta:** Mostly I believe who have booked are off to believe that this is a passing issue and shall pass. Okay but we are not offering any discounts.
- Varun Gupta:** We are not yet offering any discounts.
- Kartik Mehta:** So according to you roughly two quarters could be the maximum time and then we may start construction as the issue solves out?
- Varun Gupta:** I would say in the next quarter, in the April to June quarter, we should start early of that quarter, my expectations but again those are expectations based on the information that is available to you guys as well, not on any information that is very concrete, but it seems the way the last order of 17th January was worded that the things shall sort out at Lavasa soon.
- Kartik Mehta:** And any idea on the booking for HCC projects like HCC villas and all because they are also getting the bookings similar to yours?
- Varun Gupta:** I don't know if it is similar to ours but we know that they are receiving bookings and definitely receiving enquiries. That's what we are aware but we are not aware as to what they are really doing. I wouldn't have any significant information of that front.
- Kartik Mehta:** And On the Jamshedpur front, and like any plan to launch your project?
- Varun Gupta:** The retail plus hotel project should be launched up soon, we shall be closing the operator in this quarter in the Jan-Mar quarter for sure.

- Kartik Mehta:** Operator in the sense.
- Varun Gupta:** The hotel operator.
- Kartik Mehta:** But have you got the approval of the complete project to be launched.
- Varun Gupta:** The approvals have been received but approvals with the drawings will change because of the operator. That is why we are waiting because each and every operator has a different design. So we have to make our building plans according to that and therefore even though we have the approvals, we are not going ahead with those.
- Kartik Mehta:** So you have to launch it by March?
- Varun Gupta:** Yes we hope to launch it by March.
- Kartik Mehta:** And what should be the area for that entire project?
- Varun Gupta:** About 1.7 to 1.8 lakhs square foot we have.
- Kartik Mehta:** Breakup of the same?
- Varun Gupta:** Probably 50-50, I would say 80 ,000 square foot on the retail front, and 1 lakh square foot on the hotel front. But that can change also a little bit.
- Kartik Mehta:** And what prompts us to go for these commercial ventures like we have been majorly into group housing and we have not seen so much of success even at our existing our hotel and retail venture though it is small in size, but still we are venturing for the similar commercial venture in Jamshedpur?
- Varun Gupta:** We are not doing a similar venture in the sense that we are not going to be leasing the space out. We will be selling it out. I think it is been leasing which has been more difficult learning that is there but like I said, we have been learning in the lot of these businesses. It took about the first three years to stabilize the hotel and now it has started to do very well again in Bhiwadi. It has start throwing cash from the last quarter and as I said, we should expect it to throw cash flow of about 1 Crores this quarter as well. We have been learning as to what to do and what not to do in both these parcels. But that said we are not actively pricing any lands. This land is at a yearly lease rent of Rs. 8.5 lakhs in Jamshedpur.
- Kartik Mehta:** That is the cost to you?
- Varun Gupta:** That is the cost to us on the land side. The cost on the Bhiwadi line front is also very limited because it was part of the group housing complex that we did. We had to build commercial because we had put together a thousand residences there. So, we wanted to capture that opportunity. But we are not actively pricing any hotels or commercial property or land or

deploying too much of our equity in there. We have a very limited equity exposure on these projects.

Kartik Mehta: Is it in the heart of the city in Jamshedpur?

Varun Gupta: It is within the Jamshedpur notified area, it is in area called Sonari, which is a very well located area in Jamshedpur. It is close to the two important areas of circuit house in Bistupur and on the river Subarnarekha. So it is a very well located piece of land.

Kartik Mehta: So can you just give me the cumulative cash flow what we have generated so far in nine months?

Varun Gupta: We would have generated about 30 crores of free cash.

Kartik Mehta: So far this year. And to the previous speaker you said you are targeting 10-15% growth that is for top line for sure right for this year or for the bottom line?

Varun Gupta: I would say bottom line would be more appropriate.

Kartik Mehta: Thank you very much and good luck to you.

Varun Gupta: Thank you Karthik.

Moderator: The next question is from Nirjhar Handa from M3 Investments. Please go ahead.

Nirjhar Handa: Hi Varun.

Varun Gupta: Hi Nirjhar.

Nirjhar Handa: Just one clarification firstly, this 18 crores of revenue that you have recognized from Lavasa this is over what period?

Varun Gupta: Over this year.

Nirjhar Handa: The nine months?

Varun Gupta: Yeah.

Nirjhar Handa: Okay that is one. Secondly, on a longer term basis, do you have any targeted split of projects that you will do between your land which you will own and land which you have got through a partnership? Is there a targeted thing like this or is it more opportunistic and what are the pros and cons.

- Varun Gupta:** It is more opportunistic there but pros and cons in. Let's say the pros side, on owning land is when there is a upside you don't have to share it, on the JV front, the amount of capital that is deployed is lesser and it gets on faster. It depends on, we look at three kinds of structures, we do JDs, partnerships, buying with deferred payments and buying with upfront payments as well. They are opportunistic in nature and depend upon our comfort levels. So in Bhiwadi we would prefer to buy because of our knowledge of the local area and everything. In newer location we would prefer JVs also to have local partners sometimes unless and until we are very comfortable. Or here buying into lets say large projects like Lavasa where we bought a part into a larger project, then the master developer will do certain things that will ensure that we don't have to do a lot of the local running around which can consume a large part of our bandwidth. So it depends also on our comfort level, our own availability of capital at that moment of time, so there is no specific strategy as to it. Our specific view is that we have this let us say an X amount of capital and we have to acquire Y amount of land, and how do we ensure that we can get that going.
- Nirjhar Handa:** So it would be right to assume that there is no significant difference in profitability on the two models and I am talking about proportion of capital employed not obviously because you mentioned capital employed is left in JV.
- Varun Gupta:** As a ROE basis or a margin basis.
- Nirjhar Handa:** No as a ROCE basis.
- Varun Gupta:** As a ROCE basis, it depends, on a longer tenure probably owning is better if you have lets say 5-7 year project, because there the upside generated is significant because of the development. On a little 3-5 year tenure, probably JVs are better. So it's not that it is not significant difference on both counts that you see on our ROCE. But if you start leveraging yourself significantly higher, if you will start having 100% debt on you equity, then the timing mismatches can have a significant impact on your ROCE, so that's the other concern.
- Nirjhar Handa:** But that's not something which you generally do.
- Varun Gupta:** But then like I said we have limited amount of capital that we want to use to construct at Square-footage. Our returns will be determined to us to how much square footage we can produce for us in the long run. That's the basic thought process.
- Nirjhar Handa:** Okay. That's helpful. On the 31st December what was the debt on books consolidated?
- Varun Gupta:** I think, 3 and a half crores, 3.21 crores.
- Nirjhar Handa:** Oh that's it?
- Varun Gupta:** That's it.

- Nirjhar Handa:** And one more thing is the fourth quarter a very heavy period for revenue recognition, I am just talking about revenue recognition. I am not talking about EAC or bookings.
- Varun Gupta:** But till a year before we would have seen 2 quarters, that too last quarters not to have had heavy revenues, last march ending quarter and this march ending quarter, will be a little higher on revenue recognition because of the timing of threshold being reached.
- Nirjhar Handa:** It really cannot be a seasonality issue it must be a coincidence.
- Varun Gupta:** It is a coincidence.
- Nirjhar Handa:** Okay great Varun. Thanks very much and all the best for the future.
- Varun Gupta:** Thank you.
- Moderator:** Thank you. The next question is from Ravi Dodia from Crisil. Please go ahead.
- Ravi Dodia:** Hi Varun.
- Varun Gupta:** Hi Ravi.
- Ravi Dodia:** Apart form Marine Plaza do you have any other new launches say six months down the line, anything planned?
- Varun Gupta:** Not as of now.
- Ravi Dodia:** And the subsidiaries which you had formed, that were to acquire land bank. So any particular visibility that we have in the near future?
- Varun Gupta:** Hopefully in the next three to six months we should be able to close on some land purchases. As I said, we are in advanced negotiations at various locations. But they are advanced a negotiation, that's it, not anything material other than that right now.
- Ravi Dodia:** Thanks Varun.
- Varun Gupta:** Thank you.
- Moderator:** Thank you. The next question is from Amit Bagaria from Angel Broking. Please go ahead.
- Amit Bagaria:** Hi Varun. One thing what is the realization for Rangoli Gardens?
- Varun Gupta:** About 1900 -1950 to Rs.2000 depending on lets say the fees and specific flat. Averaging about 1950 right now.

- Amit Bagaria:** And what was it for Q2?
- Varun Gupta:** I wouldn't have that extract.
- Amit Bagaria:** That's ok. Secondly the new project that we are planning to Bhiwadi by when are we planning to launch it? The Milkahpur one?
- Varun Gupta:** It is under approval, right now. So it will be difficult to comment as to when it will get through. The approvals can come in a next couple of months and may take a year also. It is under a specific policy which might be really slower than expected.
- Amit Bagaria:** One last question, what is the kind of new project or how many new projects are you planning to launch in the next one year to 18 months?
- Varun Gupta:** I would say 2 to 3 in the next 12 to 18 months.
- Amit Bagaria:** One of that would be Marine Plaza?
- Varun Gupta:** One of that will be Marine Plaza and we should be launching about 2 more projects in the next 12 to 18 months.
- Amit Bagaria:** And the ones that we are disclosed in the Jodhpur ones, are the ones you are talking about?.
- Varun Gupta:** It could be either those or new land purchases altogether.
- Amit Bagaria:** Any ideas you can give in terms of 1 lac sqft we are planning to launch?
- Varun Gupta:** We want to launch another 30 lakhs square foot in the next 12 to 18 months.
- Amit Bagaria:** 30 lakhs but that means a lot of land is going to come in the next couple of months for you to, which are not there in the announced PPT, right?
- Varun Gupta:** It would be difficult to comment in how much time but in the next 12 to 18 months is what we will look at launching 30 lakh sq. ft. so it is a 12 to 18 month time frame as you say this will happen.
- Amit Bagaria:** Okay no problem. The Rangoli Garden when are we planning to completely sell the whole area.
- Varun Gupta:** It's a 5 year horizon project, that's a 25 lakh square foot. They are doing very well. We are getting some 20-25 bookings a month in general, good response, good activity, road which access has been competed, so it should be, I would say 5 year project.
- Amit Bagaria:** Perfect. Thank you so much and best of luck.

Varun Gupta: Thank you.

Moderator: Thank you. Ladies and Gentlemen that was the last question. I would now like to hand the floor back to Mr. Gaurav Sood. Thank you and over to you sir.

Gaurav Sood: Thanks everyone for participating on the call. And we would encourage you to regularly participate and specifically ask whatever queries that come from time to time. I would now hand it back to Mr. Varun for the closing remarks.

Varun Gupta: I would like to thank all of you for being on this call and being so patient with all the questions. We see a strong traction in the market in the near future and expect the current momentum and bookings to continue. Demand for right priced homes remains robust. With that I would like to conclude the call. A lot of materials we have talked about is on our website and you can also mail me your queries for any further clarification. Thank you very much.

Moderator: Thank you very much sir. Thank you members of the management. On behalf of Ashiana Housing limited that concludes this conference call. Thank you for joining us and you may now disconnect.