



## “Ashiana Housing Limited Q3-FY10 results conference call”

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**MODERATOR:** **MR. GAURAV SUD – KANAV CAPITAL**

**Moderator**

Ladies and gentlemen, good afternoon and welcome to the Ashiana Housing Limited Q3FY10 results 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 at the end of the day's opening remarks. Should you need assistance during this conference call, please signal an operator by pressing \* and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Gaurav Sud of Kanav Capital. Thank you and over to you Mr. Sud.

**Gaurav Sud**

Good afternoon everyone, this is Gaurav here. It is my pleasure to welcome you all to the Ashiana Housing first investors' conference call. This call has been held to discuss the performance of Ashiana Housing for the third quarter ended 31<sup>st</sup> December, 2009.

Since we are doing the first call, I am just giving brief introduction about Ashiana Housing. Ashiana Housing is a mid-sized real estate company with operation across six cities which has build full track record delivering over 8 million square feet of space to over 6000 families. As a company, it is aiming to build the niche for itself in the retirement housing space having successfully delivered its first retirement housing project in Bhiwadi and has launched two project in Lavasa in Jaipur. I hope that all of you have had a chance to go through the quarterly results and investor presentation that we sent out with the invite.

Today on the call from Ashiana Housing Limited, we have Mr. Vishal Gupta, the Joint Managing Director; Mr. Varun Gupta, Director – Finance; and Mr. Bhagvan Kumar, the company secretary of Ashiana Housing. I would now like to handover to Mr. Varun Gupta, Director – Finance.

**Varun Gupta**

Thank you Gaurav. Ladies and gentlemen, good afternoon and welcome to this conference call for the first quarter FY2010 operating performance. I am sure most of you or all of you will be familiar with the results.

But to summarize our total income increased by 8% compared to the same quarter last year. Our PAT numbers are down 2% as compared to the same quarter last year and for these numbers when I give you comparison, it excludes the one-time profit from the sale of industrial land located in Bhiwadi which happened in the same quarter last year.

The current quarter we see strong bookings of the area booked during the quarter increasing 81.2% year on year and 18.8% quarter-on-quarter. We have seen very encouraging traction in bookings with the reviving real estate marketing and first phase of some projects either being handed over or nearing delivery. We also entered into a partnership with Mangalam Group to develop 27.07 acres of land in Jaipur with 23 lakhs square feet of saleable area. It will be a group housing project and should be launched in the next 3 months. We continued to be optimistic about the market and putting a thrust on increasing sales. With those opening remarks, I will throw it open for questions.

**Moderator**

Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. At this time, participants who would like to ask questions, may please press \* and then 1 on their touchtone telephones. If your questions have been answered and you wish to withdrawal question from the queue, please press \* followed by 2. You are requested to please use your handsets while asking a question. To ask a question, please press \* and 1 now. Our first question is from the line of Anshul Sehgal of Kotak. Please go ahead.

**Anshul Sehgal**

Hi Varun. So, good set of numbers and also sales in Lavasa has started or do these numbers not include sales from Lavasa?

**Varun Gupta**

We have not recognized revenues from Lavasa as of yet.

**Anshul Sehgal**

Okay and when will you start recognizing revenues from Lavasa?

**Varun Gupta**

Do not know as of yet. We reviewed every quarter as to how much completion the construction has taken and after certain substantial amount of construction, we start recognizing revenues. We will review it again in March.

**Anshul Sehgal**

So, till March this quarter you will probably not recognized revenues from Lavasa?

**Varun Gupta**

I do not know. Again, we will review.

**Anshul Sehgal**

Okay. What were the booking numbers you mentioned in this quarter and this you meant the December quarter, right?

**Varun Gupta**

Yes, but 183000 square feet in this quarter total bookings.

- Anshul Sehgal** Okay and this is, the number you mentioned was? The percentage increased in bookings is how much?
- Varun Gupta** 18.8% quarter-on-quarter and 81.2% year-on-year.
- Anshul Sehgal** Okay, can you speak a little bit about what your plans are going forward, what projects are being constructed and how you see bookings and sales going forward?
- Vishal Gupta** Hi Vishal this side. We are basically having our operations right now in Bhiwadi, Jaipur, Jhodpur, Jamshedpur, and Pune. Going forward, we are looking at creating more bandwidths both in Bhiwadi and Pune at the moment. These are areas where we see the market sizes a larger and Pune specifically for the retirement communities and Bhiwadi for the middle income group. Overall, we are looking to try into 20 lakhs square feet in the year 2012-13. This year we will do around 11 lakhs equivalent construction. So, that is our target we should look at around anywhere plus or minus 50,000 square feet of that.
- Anshul Sehgal** 11 lakhs you mean in 2011?
- Vishal Gupta** 2009-10. For the 2009-10 we will be completing 11 lakhs square feet.
- Anshul Sehgal** And 2010-11?
- Vishal Gupta** 2010-11 we are targeting 15 lakhs square feet. We hope to achieve anywhere in the tune of 14.5.
- Anshul Sehgal** And of these, is it fair to assume 50% would be sales?
- Vishal Gupta** I did not understand that questions, could you come again?
- Anshul Sehgal** This is your total construction, but not all of it will get sold right because if I see your presentation also in that the area booked versus the area constructed is roughly 50-60%?
- Vishal Gupta** In the last 2 years that would be true, but idea is that in one of the major thrusts that we are put in this year is on the sales. I think a lot of concentration is now of the entire company is being focused with the improved market conditions. We hope to reduce this gap substantially.
- Anshul Sehgal** So, should not assume over 60%?

- Vishal Gupta** We are doing approximately even this quarter we are hoping to achieve around 2.5 lakhs, between 2 lakhs to 2.5 lakhs square feet of sales this quarter.
- Anshul Sehgal** You mean the March quarter?
- Vishal Gupta** March quarter, so, if I were take that trend forward I am at least hopeful to achieve a lakh square feet for month of sales in 2010-11.
- Anshul Sehgal** Okay. And the average sale price at the moment remains at Rs. 2000 or are you seeing an uptick in that results?
- Vishal Gupta** Well, nothing major at the moment. I do not think we are trying to increase the price. We are very cautious about price increase at the moment because the thrust clearly like you have been mentioning the gap we are trying to reduce this gap.
- Anshul Sehgal** Okay and so where is the average sale price at the moment per square feet?
- Varun Gupta** 2084 per quarter ending December 31st.
- Anshul Sehgal** Okay and what is happening in Pune, have you acquired a parcel of land or is it joint development or what?
- Vishal Gupta** No, Pune at the moment is the only project which has sealed and done is Lavasa, which is going in Pune, but since we have now an operational bandwidth, hence we are trying to expand in that location. We are in advanced talks with several land owners, but at the moment not in a position to commit on anything.
- Anshul Sehgal** Okay. I think from my side this will be it for the moment. I will come back if I have further question. Thank you.
- Vishal Gupta** Thank you.
- Moderator** Thank you Mr. Sehgal. Our next question is from the line of Nirjhar Handa of M3 Investments. Please go ahead.
- Nirjhar Handa** Hi everybody. Could you just give me what is the exact relationship between equivalent area constructed, area book deliveries handed over

and the revenues that you report every quarter, every year, that is bit unclear to me.

**Varun Gupta**

Area constructed is the total area of the project and the percentage work done, from the engineering side. Area booked is the bookings that we are doing every quarter or however you want to put it. Revenue is recognized on a percentage completion basis, so let us say if 50% area is booked and 50% work is done, then we recognized 25% revenues, 50% of that 50% that is booked.

**Nirjhar Handa**

50% of the area booked and only of half of the area constructed is booked, then you will report only 25%.

**Varun Gupta**

It is a multiple of both the work value and the sale value, so what we are saying is that since only 50% of the construction is done of the 50% area, we recognize 50% revenue towards the area booked. If both area of 100 crores then we recognized revenue of 50 crores.

**Nirjhar Handa**

And what about the rest of the work that you have done, where you put that in your balance sheet let say...

**Varun Gupta**

In work-in progress in stock.

**Nirjhar Handa**

Okay, fair enough and what about the costs for these things, how do you take the cost into account for the amount that you have...

**Varun Gupta**

We have an estimated cost of construction and till the project is completed, the cost of sales is based on that estimated cost of construction and the actual land cost incur, we review the estimated cost of construction every quarter.

**Nirjhar Handa**

Okay that is fair enough. Secondly what is your tax rate, why is it lower than marginal I mean than the corporate taxes and what are the various exemptions that you enjoy?

**Varun Gupta**

We are basically availing exemptions under section 80-IB of IT act so actual tax rate most of our projects are 80-IB revenue recognized in this quarter is 80-IB, but as our principal we have been expensing MAT instead of carrying it forward on our balance sheet as an asset. So we expense the MAT tax rate.

**Nirjhar Handa**

And going forward, which of the projects will not be under 80-IB?

- Varun Gupta** Well none of the new projects will be 80-IB in the line inventory because that exemption has gone. Of the running projects, Utsav-Lavasa, Ashiana Brahmananda, and the retail and hotel projects, Village Center are non-80-IB projects.
- Nirjhar Handa** So there will be full tax on these?
- Varun Gupta** They will be full tax rate, but Village Center we plan to hold this an asset.
- Nirjhar Handa** I did not catch that. Could you repeat that please?
- Varun Gupta** We planning to hold the Village Center as an asset and rented out an d operated it as a hotel part of it so that will attract full tax rate on those and the other two will also attract full tax rates.
- Nirjhar Handa** Is it fair to say that from next year onwards FY11, your tax rate will start inching higher?
- Varun Gupta** Not necessarily for two reasons. A) We have a lot of 80-IB projects that revenues still not recognized for completely. B) As I said, we have not been experiencing MAT taxes so I have a lot of credit which is 7.3 crores as of 31<sup>st</sup> March, 2009, that will get adjusted year-on-year till it is exhausted.
- Nirjhar Handa** Okay, fair enough. And thirdly you are proposing to do a rights issue earlier, what is the status on that?
- Varun Gupta** We are thinking on it depending on requirements on cash as a market improves the requirements of cash decreased, but at the same time till volatility remains it...
- Nirjhar Handa** Okay, but are you in the market for fund raising other than rights in any other way would you be needing money for some of your existing or new projects?
- Varun Gupta** We have taken some debt. So, we have been drawn on certain debt, so we will be using that till, no equity as of now.
- Nirjhar Handa** And how much further investment you making in your various partnership either the existing ones or the new one which you are entering, can you give us some guidance on that?

- Vishal Gupta** Can we wait till next quarter, I think we will be able to give you certain more information on the current project. The other projects we should not be requiring investments because most of our projects are funding based on customer advances. What accrued profit remains till we are able to construct a certain amount and we sure that our liabilities over the customers are met for withdrawals. Other than that, investment right now not much as such. In the new partnership, Mangalam partnership that will progress as in the work progresses as and when we launch we will have better ideas how much going to utilize?
- Nirjhar Handa** That will know by the end of next quarter.
- Vishal Gupta** We should.
- Nirjhar Handa** And one final thing your presentation has a line which says exploitation of additional land inventory create further upside, can you just elaborate on this?
- Varun Gupta** Well when we take the estimates of 225 crores of operating profit, the only forecasted profits that will come on the basis of project that are already running for 3 years. Now, we are planning to launch two projects in the next 6 months as you said. So, it will be over the next 3 years, certain profits should come from those projects and we also have land bank which will launch into projects in the future and we should also see certain profitability.
- Nirjhar Handa** That is company own land banks?
- Varun Gupta** We have all the land banks listed in the future projects detail. Some of it is owned by the company, some of it is in partnership firm. I will run you through all the five. The first one is Milakhpur Land this is company owned, Tanawada Land, Village Tanawada, Jodhpur. We owned part of the land, but we have a sort of an MoU with the developer if we gets more land and we will put those two lands together into a partnership.
- Vishal Hupta** Just to add, the land listed in the future project is owned by the company.
- Nirjhar Handa** Okay.
- Varun Gupta** And that is land allotted by TATA steel, that is a lease land given by TATA Steel which is concurrent with their lease in Jharkand. Ashiana Amar

Infrastructure is a partnership firm in and Rangoli Gardens is as well a partnership firm.

**Nirjhar Handa** And the TATA Steel land is only for retail and hotel or is that going to be apartment there as well?

**Varun Gupta** No, it is going to be retail and hotel only. Service apartments for hotels we are still conceptualizing that.

**Vishal Gupta** And to just mention in both Ashiana Amar Infra and Rangoli Gardens, Ashiana Housing is the partner which is majority partner.

**Nirjhar Handa** Majority partner and the profit sharing will be somewhat similar to your other partnerships which you had in the past?

**Varun Gupta** Yes, somewhat similar. Details again will be with the next quarter you will have all the details.

**Nirjhar Handa** That is okay, great, thank you so much for your help on this. That is enough from my side.

**Moderator** Thank you Mr. Handa. Our next question from the line of Ayush Mittal of Mittal & Company. Please go ahead.

**Ayush Mittal** Good evening sir.

**Vishal Gupta** Good evening. Yes, Ayush good evening Vishal this side.

**Ayush Mittal** Vishal, basically I have been to Bhiwadi and I do understand that you have a competitive advantage of being in that area since long, but what I want to understand is what is competitive advantage you have when you ventured out into Jaipur, Jhodhpur, and other areas?

**Vishal Gupta** Good question. We have been creating product differentiation as the competitive advantage like in the case of both Jaipur and Lavasa. We have ventured out to the retirements community. And in alternative locations, we assessed what is the quality of development that is already happening in that market and we create competitive advantages by differentiating in product pricing and quality after, due assessment of those markets and hence only enter those markets where you see that we can create competitive advantage quickly.

- Varun Gupta** One reason why we are expecting stronger sales as well is as project gets delivered in Jaipur and Jodhpur, our brand will be established. We believe that our brand and product is of higher quality than what is available in those markets, So, as and when people will see it, it will create the competitor advantage even more.
- Ayush Mittal** But as you are not already from those locations, so there was a possibility of making an error on the quality of land bank or the locational advantage?
- Vishal Gupta** Yes, what you are saying is correct and hence we are partnering with the local developers or local land owners in such markets to mitigate that risk.
- Ayush Mittal** But these partnerships are like I was going through your right issue document, like last year when you had this partnership with Mangalam, a certain amount of profit goes to the developer like first hand and then your profit sharing starts?
- Vishal Gupta** Those are for certain scope done by them that we were principally involved in bringing the land towards developable stage so that is their profit towards that.
- Ayush Mittal** so, what I basically want to understand is like in these partnerships also, are you able to make like 30-35% operating margins?
- Vishal Gupta** There we expect to make 30-35% return on investments and our margins will be lower on a revenue side on a percentage basis, but we have a minimum per square feet margin that we like to make and we hope to achieve this.
- Ayush Mittal** And apart from that, is there a dividend policy in the company?
- Vishal Gupta** Except the last one year, we had been paying dividend for 5 consecutive years, we held on to cash last year because of the adverse market conditions we thought it was prudent to hold on to cash and if you would, I have seen last year real estate companies which were in a lot of trouble were largely because of cash flow jams more than asset liability mismatch.
- Ayush Mittal** But something may be a nominal might have been given out to maintain your track record.

- Vishal Gupta** Well, I think in the long run, I am here to ensure that the company takes care of long-term interest and sometime short-term interests do need to get compromise for the same.
- Ayush Mittal** Okay, while ago you mentioned that your company has taken some debt also. So, is the company debt-free as of now?
- Vishal Gupta** As of 31<sup>st</sup> December, we have about 8 to 9 crores of debt on the parent and if you include one partnership firm about 9.5 to 10.5 crores of total debt.
- Ayush Mittal** Okay 10.5 on the consolidated part and so the projects are coming up, so you will go for the debt then.
- Vishal Gupta** Depends on the outlook again. We did not have to take for a long time because it gets funded through customer advances, but our commitments to keep ensure that delivery is on time if required we would. If not required, we would not, but we have a total line of 25 crores right now that we have only used 10.5.
- Ayush Mittal** The right issue is completely scrapped?
- Vishal Gupta** It is not completely scrapped, we are still looking at it, from 1 year from when SEBI okayed it so it is still neither on or off exactly. We are still looking at it.
- Ayush Mittal** But like are the promoters planning to go ahead with it or something.
- Vishal Gupta** No, if he had a specific yes or no he would have given it to you.
- Ayush Mittal** Okay, but one question remains like why do you want to go for an equity dilution like if you are still in good reasonable liquidity, you do not have much of debt. Why was this right issue route being taken?
- Varun Gupta** At that point of time, there was not a reasonable liquidity when we looked at the rights and we are also, it is a volatile market currently. As long as liquidity remains and we have cash, we will not look at it to execute but if we do actually require more liquidity or we are actually looking and growing and needs some more equity to go ahead and buy more land or something like that you might come up with right issue.

- Ayush Mittal** In your recent presentation, I wanted to understand the definition of equivalent area constructed?
- Vishal Gupta** Equivalent area constructed is equal to the total constructable area into the work done value till date divided by the total work done estimated value, the total work done value.
- Ayush Mittal** Okay that is total area constructed.
- Varun Gupta** In the engineering standards, we say if it was 100 square feet and it will costs Rs. 200 to make that and we have work value towards that 100 square feet was Rs. 200 and we did Rs. 50 of work value then we will say 25 square feet was constructed.
- Ayush Mittal** Okay, there are some treasury shares held in ARVL of Ashiana Housing Limited. What are the plans on that?
- Vishal Gupta** No plans as of yet.
- Ayush Mittal** Okay, so that will continue and I will come back later in case for more questions. It was really nice to see the investor friendly steps being taken. Do you plan to hold such con-calls in coming quarters also?
- Vishal Gupta** Yes we do.
- Ayush Mittal** Okay, thank you.
- Vishal Gupta** Thank you Ayush.
- Moderator** Thank you Mr. Mittal. Our next question is from the line of Tina Virmani of Kotak Securities. Please go ahead.
- Tina Virmani** Hi sir, congrats for good set of numbers. My question is regarding your total land bank and like somebody had earlier also asked you how are you going to fund it basically if we take a longer term horizon and may be beyond FY11 to develop the entire land bank, we would be needing significant amount of funds may be through equity or debt, so what is your internal strategy to develop this entire land bank?
- Vishal Gupta** Tina, most of our funding on development of land bank which means funding of construction if you look at Ashiana Housing, We are mostly focused on residential development and the most of the residential

development is funded through customer advances and a combination, if required, of debt, so those are some of the expertise that we have developed over a period of time and how we phase our projects, how we plan our projects, how we construct them, where our dependency on external money gets reduced to do our work construction activity and we managed our constructions with customer advances.

**Tina Virmani**

But in the case where you are not able to get customer advances or may be adequate customer advances to carry on the construction part in that case would you be going for an equity kind of funding or some more amount of debt in your books to complete the construction?

**Vishal Gupta**

Okay your question I would like to break it in two parts if I am getting no customer advances, I am not going to build the product, but if I am lesser than required feed of funding from customers and I am sure that the construction in that case we will look at debt money to construct project in time because if we have got enough proof with enough number of customers saying that yes we like the project, the price, the location, then we syndicate debt and conclude the project in time because we are also very sure that the project goes through, but if there is nobody buying the project, I do not want to build houses which are nobody really wants. We do not go....

**Tina Virmani**

What is total land bank as of now?

**Vishal Gupta**

84.05 acres in about 61.4 lakhs square feet of saleable area, this excludes all ongoing projects.

**Tina Virmani**

That is 61.4 lakhs square feet?

**Vishal Gupta**

And it excludes the ongoing projects. Ongoing project is another 48 lakhs square feet.

**Tina Virmani**

Okay and what is your average cost of construction is around Rs. 1000 per square feet?

**Vishal Gupta**

I do not know the weighted average of right now and it varies a lot like Lavasa on the hills and development of ground plus four structures and still plus 10 structures they are different costing depending on also if it is a more expensive product it could better price and it ranges from Rs. 800 a square feet to Rs. 1100-1200 a square feet with Lavasa kind of being an aberration and which would becomes a little higher because of the hill.

- Tina Virmani** Fine sir, thanks a lot sir.
- Moderator** Thank you Ms. Virmani. Our next question is from the line of K C Suri of Span Capital. Please go ahead.
- K C Suri** Good afternoon. Few questions. If you could just start up with what is the amount of advance that we have from customers right now?
- Vishal Gupta** Can we get back to you on it?
- K C Suri** Okay and what is the value of inventories being carried as of 31<sup>st</sup> December of unfinished project?
- Vishal Gupta** We will get back to you on it as well.
- K C Suri** Okay and would you be having the value of work done, but not yet recognized yet to be recognized?
- Vishal Gupta** In terms of value of work done or in terms of.....
- K C Suri** I mean the revenue meant to be recognized; will you be able to recognize revenues once you reach a certain threshold limit, right? That will be 25% or what is it for you?
- Vishal Gupta** Somewhere around that will depend on project to project. Our confidence on depending also on the land cost component of that project.
- K C Suri** I will get back to you on that and with respect to the 48 lakhs square feet of ongoing projects, how much money is required, I mean I agree you do not have weighted average per square foot but would you have a number as to how much money is required to execute the same?
- Vishal Gupta** Yes, we could give you right now. About 250 odd crores.
- K C Suri** And these would be executed over how long, these companies projects will be completed by 2013, right?
- Vishal Gupta** Yes, FY13.
- K C Suri** And just getting to your biggest project which is an ongoing Ashiana Aangan. Could you have a phase wise breakup in terms of area to be released?

- Vishal Gupta** In terms of launching it for bookings?
- K C Suri** Yes, because like you already handed out Phase I and Phase II is expected and current phase III so what is the area executed in that period?
- Vishal Gupta** 12.7 lakhs square feet that is launched this Phase I, II, and III. The other remaining nearly 8 lakhs square feet will be launched as Phase IV and Phase V. We do not know as of when. Just to give a rough estimate may be another 3 months from now.
- K C Suri** Okay and what is your forthcoming projects of 5 project, what is the envisage project cost for the same?
- Vishal Gupta** Come again please.
- K C Suri** The 5 future projects which you have listed what is the estimated project cost for the same, the cost of construction for you on that?
- Vishal Gupta** I think it is premature to speak on that something like that, the only real figures we could look at would be Rangoli Gardens which is 23 lakhs square feet. We will look at estimated cost of around Rs. 1100-1200 per square feet including construction and overheads, 270 odd crores for that and probably the project in Jamshedpur would look at a total cost of around 40. The other projects I would not be in a position to comment at the moment.
- K C Suri** Okay and these are like you said executed under partnerships, for the ongoing projects right now what you have listed there, those are all presently company or they are under SPVs, how do you have it?
- Vishal Gupta** I will run you through one by one. Ashiana Aangan is in the company. Village Center is in ARVL which is a 100% subsidiary of Ashiana Housing. Ashiana Mangalam we have a 65% interest in the partnership firm. Utsav Jaipur is being in the same partnership firm as Ashiana Mangalam. Ashiana Greenwood is in a partnership firm in which we have 50% interest, Ashiana Brahmananda is in the company, Ashiana Amarbagh is in the partnership firm with 65% interest, and Utsav Lavasa is under the company.
- K C Suri** With all these the total debt you said is consolidated to only 10.5 crores, right?
- Vishal Gupta** Yes.

- K C Suri** Okay, I will wait for the answers for the questions which have been asked, that is about it, thank you.
- Moderator** Thank you Mr. Suri. Our next question from the line of Khusbir Singh, an individual investor. Please go ahead.
- Khusbir Singh** Hello Vishal, this is Khusbir Singh Batra here.
- Vishal Gupta** Yes Mr. Batra tell me.
- Khusbir Singh** I had just few queries. What is the reason our sales that have gone up in the third quarter and trend is also quite good, what is the reason of profits are down?
- Varun Gupta** Couple of things Batra Sahab, one was the revenue recognition is also not exactly area bookings, for revenue recognition happens over a period of time based on percentage completion so certain amount of areas that booker this quarter no revenue is recognized for. b) It depends also we do phase wise accounting so certain phases are in different stages of construction, so it depends in which phase the booking also happens if it is in a phase where the stage of construction is early revenue recognition will not happen as early as in the phase which is in a later stage of construction and thirdly we also had higher operating cost because we changed the estimated cost of construction in one of our projects over a revised it upwards a little bit to be conservative, but we were again review it in March and we will have a better quality information to the estimate at that point of time.
- Khusbir Singh** How will be the margins will be fourth quarter?
- Varun Gupta** We have to wait till the fourth quarter.
- Khusbir Singh** Okay, we are at Bhiwadi since long time, are we enjoying any premium compared to the other competitors?
- Vishal Gupta** Almost Rs. 300 a square feet.
- Khusbir Singh** Approximately percentage-wise how much it is, 10%?
- Varun Gupta** 20%.
- Khusbir Singh** Around 20%?

- Vishal Gupta** Higher on sales price which is translating into Rs. 300 a square feet.
- Khusbir Singh** Our average realization, we are projecting around 2084 for March 2010, correct, average realization, 2084?
- Varun Gupta** 2084 was the realization for December quarter ending. We do not have a weighted average of realizations figure in our mind at this point of time. At the same time we are putting a thrust on increasing sales and not increasing prices at this point of time, but at the same time we will not decrease prices as well, depending on the project mixed in the area that comes to be booked that average realization is little bit.
- Khusbir Singh** what is the approximately breakup of this realization, how much is land cost and how much is construction cost and how much is the margins?
- Vishal Gupta** I do not know think we would like to share that.
- Khusbir Singh** Okay, regarding this Lavasa project, what is the total size of the project and how much we have sold out so far?
- Vishal Gupta** Total size of the project is 6.87 lakhs square feet.
- Khusbir Singh** 6.87?
- Vishal Gupta** Yes and sales, the area that we have launched of that is 2,26,000 in Phase I.
- Khusbir Singh** Okay.
- Vishal Gupta** And 81,000 square feet of that had been booked as of 31<sup>st</sup> December.
- Khusbir Singh** 81,000, okay. How is the trend over there?
- Vishal Gupta** However, no revenues have been booked against this because of the stage of construction so till certain we reached like minimum threshold level we do not book the revenues.
- Khusbir Singh** What is the average realization over there?
- Vishal Gupta** Our overall company average realization is in the tune of Rs. 2000 a square feet.
- Khusbir Singh** No at Lavasa. I am asking at Lavasa, sir; average realization at Lavasa.

- Vishal Gupta** Rs. 2800 to 3200 depending on apartments and villas we have various kinds. So, Rs. 2800-3200.
- Khusbir Singh** What are the prevailing rates by other people over there?
- Vishal Gupta** It is in similar price band, the only other player is Lavasa itself it will be 5 to 7% cheaper than Lavasa.
- Khusbir Singh** Okay.
- Vishal Gupta** May be in some places even 10% cheaper than Lavasa.
- Khusbir Singh** Okay, when we are launching the 2<sup>nd</sup> Phase at Lavasa?
- Vishal Gupta** Our marketing is giving us pressure to launch it soon.
- Khusbir Singh** How is the overall trend at Lavasa booking?
- Vishal Gupta** Improvement we are getting Lavasa itself is seeing a lot of eyeball and it is getting a lot of acclaim. They have been able to partner with great institutions, hotels. The infrastructure development overall of Lavasa is fantastic and that is all adding into our benefit as one of their partners we are also enjoying the overall development and promotion of Lavasa.
- Khusbir Singh** Vishal, I have written something on the hotel projects, can you share some detail on the same?
- Vishal Gupta** Which one sir, the one in Village Center that is currently going on, that is under the construction or the one that is already operating?
- Khusbir Singh** Are you just give us the detail of each and how much it will contribute to the revenues in the future?
- Vishal Gupta** Sir, we have 50 key operational in Bhiwadi and in the next 3 months, we should have a 100 key operational and at 80% occupancy levels, we should be looking at around 12 to 15 crores of revenues per annum from these.
- Khusbir Singh** From these projects. Okay, how much margins do you expect in these?
- Vishal Gupta** The hotel industry talks about is I think 40%, between 30 and 40.

- Khusbir Singh** Okay, any new projects in hotel area, are we planning any new project in the hotel?
- Vishal Gupta** 100 key in Jamshedpur.
- Khusbir Singh** At Jamshedpur. What would be the total cost of that?
- Vishal Gupta** It is a 1,70,000 square feet project with 90,000 square feet of hotel and 80,000 square feet of retail pardon me I said 2 lakhs because we do not count basements in the saleable area that is added on to the construction area. So, 1,70,000 and the total is construction cost of that project that we envisaged is 40 crores.
- Khusbir Singh** Okay, right Vishal. Thank you.
- Vishal Gupta** Thank you Batra sir.
- Moderator** Thank you Mr. Singh. Our next question is from the line of Sonaal Kohli of AIM Capital. Please go ahead.
- Sonaal Kohli** Hi, thanks for taking my query. You have mentioned that your pricing in Lavasa is between 2800-3200, is it 5 to 10% cheaper or more expensive than the Lavasa.
- Vishal Gupta** It is cheaper, 5 to 10% cheaper than Lavasa price.
- Sonaal Kohli** How has been trend for you there considering 6.87 lakhs square feet, do you think you will be in a position to acquire more land and then more properties they would be adequate to buy or you think you are not considering that you are competing with Lavasa, it is much lesser and hence this area is enough.
- Vishal Gupta** We are not competing with Lavasa. We are doing a retirement community and we have priced ourselves lower only because it is a newer concept and we are trying to promote that concept. As far as getting more land in Lavasa is concerned, I think we are hopeful that if we deliver a good quality product, Lavasa will want us to do a lot more there, but the land belongs to Lavasa and It is going to be their prerogative. I cannot comment on beyond that.
- Sonaal Kohli** how is your construction cost there considering it is a hilly area would it be substantially higher than your average?

- Vishal Gupta** Yes, it is because of the grading and hilly terrain there is a lot of retention, cutting, filling, and even the carriage of material labor everything to a remote location becomes more expensive.
- Sonaal Kohli** How has been the trend in January in any of the location like Bhiwadi and Lavasa, are you seeing customer demand as robust as what you saw last quarter or there is some slow down in demand?
- Vishal Gupta** In Lavasa, we have seen better qualities sales in the last quarter compared to the previous quarter and so much so that we have got these 2 BHK villas that have been sold out, we have got ravine facing one BHK apartments that stand sold out, and we are in the process of launching Phase II specifically to cater to this particular demand. So, but there are certain products of our overall package that we are giving to customers are better and more appreciated and we are going to see and we are going to change our planning for Phase II to cater to that demand.
- Sonaal Kohli** Considering Bhiwadi how has been the transition?
- Vishal Gupta** Bhiwadi has always been fantastic for us and this quarter been as good. I think Bhiwadi is still is a lot more stable. It is the other market that we were newer and have done a lot better.
- Sonaal Kohli** In terms of pricing sir, in any of your key projects within Lavasa, Bhiwadi, or Jaipur, Jodhpur do you think, I mean time is right for you to take some price increases in the recent time considering the kind of touching you are seeing or you think you would want to play safe and achieve volume rather than pick up the price?
- Vishal Gupta** Clearly, the focus is on volume at the moment and Sonaal that we have always kept under reasonably priced and we have been end-user focus marketing driven company all along and at the moment, our forecasting at least for the next 3 months is we do not see any substantial price increase, we are largely going to focus on volume. However, we do not see any reduction or discounts that we need to offer in the market at all.
- Sonaal Kohli** Sir, can I have your contact details?
- Vishal Gupta** 4265-4265.
- Sonaal Kohli** And this is which city?

- Vishal Gupta** Delhi, 011.
- Sonaal Kohli** And from where can I access your presentation, is it on BSE website?
- Vishal Gupta** It is on the BSE website and it is on our website.
- Sonaal Kohli** Thank you so much.
- Vishal Gupta** Thank you.
- Moderator** Thank you Mr. Kohli. Our next question is from the line of Anshul Sehgal of Kotak. Please go ahead.
- Anshul Sehgal** You mentioned volatility, what kind of volatility are you witnessing?
- Vishal Gupta** Month-on-month sales are quarter-on-quarter increase, but certain month-on-month, there is some discrepancy in sales certain projects, there is a little bit of movement has and so therefore it is, if we continues improvement and our targeting higher sales, but again month-on-month is not as movement is what as for.
- Anshul Sehgal** Would this mean that certain markets are doing better than the other?
- Vishal Gupta** Well yes and certain markets are doing better at certain times and the other markets such performing at certain other times that's I guess this volatility
- Anshul Sehgal** Okay and what constitute other income?
- Vishal Gupta** n the same quarter last year, we had a one time gain on sale land which included in the quarter ending 31<sup>st</sup> December, 2008, otherwise most of other income is interest on FDs these and income from liquid investments and certain rent on rented property.
- Anshul Sehgal** In the year FY08-09, did you acquire land in that period when the markets are just frozen?
- Vishal Gupta** Rangoli Gardens in Jaipur. We had concluded transactions partly at that point of time. by giving us certain advance but not freezing the entire modalities, but certain modalities of the land was frozen .....
- Anshul Sehgal** And the other one you mentioned one was?

- Vishal Gupta** The land allotted by TATA Steel and also Brahmananda in Jamshedpur was happened in the same period. Ashiana Brahmananda in Jamshedpur.
- Anshul Sehgal** Okay. So, is it fair to assume that you got a very good deal here
- Vishal Gupta** I think markets is going tell I think we have been conservative and I would not like to answer that question in yes or no Anshul.
- Anshul Sehgal** No I think supposing if you bought it for Rs. 100 then, if you would buy it today, you would buy it for what 120, 110, 130?
- Vishal Gupta** We have been looking in those markets again to really know what is the valuation and that is the fair answer. I think the prices that we bought and what the sale price of properties today, I think those are good deals.
- Anshul Sehgal** And these do not fall in that 84 acres category, these fall in the 48 lakhs square feet category, right?
- Vishal Gupta** No, except Rangoli Gardens in Tiscoland is in the 85 lakhs square feet of which Rangoli Garden we bought just a last couple of approvals really pending and that is why we are expecting to launch this project in the next 3 months.
- Anshul Sehgal** Okay, this is it from my side. Thanks.
- Vishal Gupta** Thank you Anshul.
- Moderator** Thank you Mr. Sehgal. Our last question is from the line of Nirjhar Handa of M3 Investments. Please go ahead.
- Nirjhar Handa** Just one more clarification when you said the next year FY11, you will be constructing roughly 1.4 or 1.5 million square feet, this is the EAC, right, equivalent area constructed?
- Vishal Gupta** That is correct.
- Nirjhar Handa** So nearly and the sale target which let us say 1 lakh a month or 1.2 million per annum for next year, so just a ratio of this 1.2-1.5 will not give us the revenue recognize?
- Vishal Gupta** Well, it is not very simple answer like that Nirjhar because like Varun mentioned earlier it depends if we are selling those, if we get more sale in

properties which are in advance stages of construction or nearing completion, then we will be able to recognize larger revenues in those areas. If we get more shares in projects which are just launched when they are not even recognizing them for revenue, so it is not a very straight line answer and we will not be able to forecast based on that. And our targets internally we are looking at targeting 1.4 million square feet of sales as well. I am only looking at current trends and hoping that 1.2 million square feet should not be a very difficult target to achieve.

**Nirjhar Handa** And finally the profit that you report on your what share of the profit on the partnership that is not taxable again in your books is it already post tax profit from the partnership?

**Varun Gupta** It is already post tax profits.

**Nirjhar Handa** So that in any case will never be applicable to that in your books.

**Varun Gupta** It will not be applicable. Except Rangoli Gardens all projects are 80-IB so it is not taxable.

**Nirjhar Handa** Sure, okay, great. Thanks a lot.

**Vishal Gupta** Thank you.

**Moderator** Thank you Mr. Handa. Ladies and gentlemen that was the last call and now I hand the conference over to the management for their closing comments.

**Vishal Gupta** This was great fun. We have enjoyed being part of this question and answer. It helps us understand our business better because we learned to see it from other points of view. Thanks. Please keep pouring in your questions, we look for more insight into our company and I am sure we look forward to more such conferences in the future. Thanks.

**Moderator** Thank you gentlemen of the management on behalf of Ashiana Housing Limited that concludes this afternoon's conference call. Thank you for joining us on the Chorus Call Conferencing Service and you may now disconnect your lines. Thank you.