



## “Ashiana Housing Q1FY14 Earnings Conference Call”

**August 2, 2013**



**MANAGEMENT: MR. VARUN GUPTA – ASHIANA HOUSING LIMITED.**  
**MODERATOR: MR. GAURAV SUD – ANALYST, KANAV CAPITAL.**

**Moderator**

Ladies and gentlemen good day and welcome to the Ashiana Housing Q1 FY 2013-14 Results Conference Call. As a reminder for the duration of this conference all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call please signal an operator by pressing \* and then 0 on your Touchtone phone. Please note that this conference is being recorded. At this time I would 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 first quarter FY 2013-14 Investor's conference call. This call has been held to discuss the performance of Ashiana Housing for this quarter and to answer any questions that you might have. I hope that all of you have had a chance to go through the quarterly results and the investor presentation that went out with the results. Today on the call from Ashiana Housing Limited we have Mr. Varun Gupta – Whole-time Director. I would now like to hand over Mr. Varun Gupta of Ashiana Housing for his opening remarks.

**Varun Gupta**

Good evening friends thank you for joining us to discuss the first quarter performance of Ashiana Housing. I extend a warm welcome to all of you. The first quarter we placed an average performance overall. On operational front the company booked an area of 3.84 lakhs square feet of which major contributions came from Jaipur. Rangoli Gardens' saw superb bookings for the second consecutive quarter as possession of initial phases have been handed over and people have started moving in to the project. Occupancy as we talked last quarter as well helps increasing their satisfaction manifolds. Also Gulmohar Gardens was launched in May and has received a very positive response with over 100 bookings happening in first two months itself. The project is located off Tonk Road and comprises of villas and G+2 independent floors. Base launch price was Rs. 1800 per square foot for floors and Rs. 2500 per square foot for villas which has moved to Rs. 1880 per square foot and Rs. 2580 per square foot respectively now and second phase of the project has been launched as well. This has led to a decrease in average realization though for the quarter 1 at Rs. 2576 per square foot from the yearly average of Rs. 2699 per square foot last year.

Ashiana Town in Bhiwadi, the largest project of the company so far with a saleable area of 39 lakhs square feet was also launched in the last week of the quarter. There was a lot of pent up demand in Bhiwadi after completion of Aangan Bhiwadi which will be met now and will reflect in second quarter bookings.

On to the construction front an equivalent area of 3.09 lakh square feet was constructed in the quarter. The numbers are weak primarily due to delay in approvals which led to launches getting delayed from what has been planned earlier. Also quarter 1 is generally observed as weaker than Q4 due to changes in weather and labour moving out for harvesting to the villages. Construction momentum will start picking up from quarter 2.

Ashiana reported sales and other income of Rs. 22.7 crores and a PAT of Rs. 7.39 crores in the first quarter. The numbers in absolute terms still remain lower on quarter-on-quarter and year-on-year basis. As has been discussed on earlier forums, financials will be suppressed for this year as well because of the changes in accounting policy. The first quarter pre-tax operating cash flows from ongoing projects of the company has remained buoyant and increased moderately by 13% to Rs. 26.84 crores as compared to Rs. 23.72 crores reported in the fourth quarter last year and by 1% from Rs. 26.50 crores in the first quarter of previous year.

In another event Ashiana has been awarded with the Bhamashah Award on 28<sup>th</sup> June, 2013, by the Government of Rajasthan on account of Ashiana's contributions in the field of education in the state of Rajasthan. It is a great pleasure for all of us as our efforts have been recognized by the government for corporate social responsibility activities.

On this note 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. Ladies and gentlemen we will now begin with the Question & Answer Session. Our first question is from the line of Ishpreet Batra from Sushil Finance. Please go ahead.
- Ishpreet Batra** I just wanted to understand that the EAC you said is 3.01 which actually still looks slow in terms of 11% growth Y-o-Y because even last year the numbers that were reported were frail on account of delayed launches. So any other reason on how is it that we can look for the year ahead?
- Varun Gupta** The numbers were a little weaker than our targets for the quarter but overall the construction number for the year will be skewed to the second half of the year. So the momentum has picked up in July and overall right now we seem to be on track to meet the square footage targets in EAC that are there for the year.
- Ishpreet Batra** So the 18 lakhs square feet target that you have is achievable?
- Varun Gupta** 19 lakhs square feet, yes it is achievable as of now.
- Ishpreet Batra** And how is the response to Thada I mean it is almost a month so do we have a decent number of bookings in Thada.
- Varun Gupta** Yes, the response to Ashiana Town has been beyond expectations. We should have clocked over 400 bookings already. I think 450 bookings have been crossed.
- Ishpreet Batra** In approximate area terms if that could be?
- Varun Gupta** Between 5.5 lakhs square feet to 6 lakhs square feet.

- Ishpreet Batra** Is already booked?
- Varun Gupta** Yes, it is already booked. We do not have the exact figure because we have not been able to log in all the bookings that have also come in, in terms of just doing the paperwork for it. So we will get some of that coming in. So by end of this quarter we will have the exact figures in.
- Ishpreet Batra** Are we facing any kind of a labor problem as of now?
- Varun Gupta** There were some issues in the beginning of May they have been sorted out now.
- Ishpreet Batra** Any kind of a cost increase are we facing because of it?
- Varun Gupta** Nothing beyond what is already expected that basic minimum wage has increased and is happening everywhere. So that is just the pressure in. But any significant changes in labor crisis in the market, not anything.
- Ishpreet Batra** Since it has becoming a little more difficult to read the company's performance in terms of numbers but as said that it is well read from the EAC and the booking but still if you could provide any kind of a guidance for FY14 may be in terms of revenue or kind of a EPS or profit on an average if what we could look at?
- Varun Gupta** Right now we do not want to provide annual profit guidance or EPS guidance or are unable also to do so just there are enough uncertainties around so it becomes difficult for us to.
- Ishpreet Batra** A simple question. Could we see a growth in terms of EPS on a Y-o-Y basis?
- Varun Gupta** Again difficult question to answer. I am not so sure.
- Moderator** Thank you. The next question is from the line of Ankur Jain from Tactica Capital. Please go ahead.
- Ankur Jain** Before moving on to the question I first want to complement the company about the fantastic work that the company has done in educating the shareholders about the business through the annual reports and the website and the con calls. A very few companies are able to consistently maintain this.
- Now the question is about the Ashiana brand I mean if I am not wrong one of the earlier co-promoters Mr. Raj Kumar Modi he left the company in 2002 or 2003 to start another company by the name of Ashiana Homes, so who owns the Ashiana brand right now? Is there any agreement over the ownership of the brand?
- Varun Gupta** Thank you for the complements first of all on the annual report. Just on the story of the Ashiana brand let me correct the past for you and the knowledge what Ashiana was started in

1979 by 7 partners in Patna and in the early 80's itself the partners had separated and gone their own way.

**Ankur Jain**

In 80's only?

**Varun Gupta**

In early 80's I think '82 or '83. The current Ashiana Housing was formed in '86 post that, that was the partnership firm; everybody has gone their own ways with the promoter. So with there Mr. Raj Kumar Modi and my father formed two separate companies, one Mr. Modi formed Ashiana Homes and we found Ashiana Housing in 1986 and the way it was run was we still continued to work together but on project levels. So individual project levels there would be partnerships between Ashiana Homes and Ashiana Housing but the companies were never together. You know it was never one company post that. The Ashiana brand there was jointly trade marked with even in I think early 2000's we went for a re-branding exercise where we shared a common logo and jointly trademarked that logo and jointly trademarked the name as well. This year what we have decided is that both of us will continue to use the Ashiana name but both of us have gone ahead and changed our logos. So we have started utilizing the mother and child logo that we have launched in January and they have changed their logo as well. But the name is jointly trademarked to both of us.

**Ankur Jain**

So it is jointly trademarked. Basically what I wanted to understand that in the future because you have putting a lot of effort in developing the brand, is there a possibility of a legal dispute arising in the future over the ownership of the Ashiana brand?

**Varun Gupta**

Between us and the Ashiana Homes since we jointly own it there cannot be a legal dispute on the ownership of the name and there are other people who use Ashiana elsewhere there we do perhaps legal disputes as we fought through and we have got stay orders as well where Ashiana Homes and us together go against the other party who is using the name Ashiana.

**Ankur Jain**

So these are other parties even apart from those earlier five partners? These are third party?

**Varun Gupta**

Yes, they are apart from the earlier 5 partners.

**Ankur Jain**

And there is no any non-compete between Ashiana Homes and you about any particular geography that I mean you will not enter any particular geography which Ashiana Homes is also targeting?

**Varun Gupta**

There isn't any compete. Ankur, just one thing I wanted to clarify on an other note the Modi's and us share very, very good relationships, very good rapo, to us they are like first cousins and there is no issue of disputes over there.

**Ankur Jain**

Yes, I could gauge that because even going from the website of Ashiana Homes Private Limited I mean it is like a mirror image of Ashiana Housing, the kind of model that they are pursuing the same thing post sales maintenance and very good quality construction and the

feedback that is available on their website and in the market also. So they also carry a very good rapo and the possibility for dispute or anything between you and them it look low to me but I just wanted to clarify because it was never mentioned in any public domain. So I just wanted to clarify about any presence of non-compete or any possibility of a legal dispute. But my next question Varun is about that what we see in the property markets right now in Delhi especially Gurgaon, Noida these suburbs that the property markets are really overheated and the property prices have way gone beyond the underlining economics and rental yield or anything else it is a greater fuel theory it seems that it is going on. So what do you expect I mean what do you so is this is the same thing that you experience when you go to Tier 2 towns like Jamshedpur, Jodhpur and Jaipur because I do not have much idea about those towns. So what is happening in the property markets there that is part 1. And what if this bubble burst, what kind of impact can it have on Ashiana in a short term when you have the saleable inventory and in the long term?

**Varun Gupta**

The answer to that is if the property markets are very micro and they are going through different cycles in different cities. Probably Gurgaon you are feeling overheating now, Bombay was probably feeling overheating a year ago itself and there could be those cycles. In the markets that we are currently in, we do not feel a sense of overheating on the prices. From a basic thought that affordability is good we sell to mostly individuals so we do not have bulk buyers, I do not have a number on it but most of them will take home loans so and there is that will assure credits also which is good and there is not speculation going on where they are buying putting up two installment payments and then trying to flip in to someone else who is flipping in to third and there where the greater fool stories start supplying because you are playing a very leveraged game. In this kind of a situation the market seem alright. On a second note we do not track rental yields as much to get a sense of overheating. The underlying economics are more driven by affordability's multiple on an annual income basis. Because in India the amount of monies that people are willing to pay from as a percentage of their income for rent and the way the amount of incomes they are paying willing to pay for a mortgage is substantially different. Now financial matters make sense, we are not saying that these are separate issues but that is the basic psychology of an Indian buyer. In the markets we are in, the affordability's has not been breached. May be we are saying that it is going to ten times the annual income of someone or eight times the annual income of the average home buyers where it is, it is in that 4.5 to 5 times range. So therefore we are not seeing so much of a bubble but that said we are concerned and we are watching markets for more information to know as to what is going on.

**Moderator**

Thank you. The next question is from the line of Ravi Dodhia form CRISIL. Please go ahead.

**Ravi Dodhia**

I have two, three queries. One, just want to know about update on Halol project?

**Varun Gupta**

Go ahead Ravi, please post both the questions.

**Ravi Dodhia** Yes sure. See traction if you look in Utsav, Jaipur and Lavasa is till slow compared to Q-on-Q or Year-on-year, so what is happening there and any change in plan in these projects?

Similarly in Rangoli Gardens also if you look at quarterly sales that is also on the lower side compared to Year-on-Year and Q-on-Q, so if you can throw some light on that?

**Varun Gupta** On the update on Halol we are filing the revised building plans. We are getting some delay in sanction of building plan approvals there before we can launch the project. Otherwise there is a team on ground. NA approvals are in place, we have started some marketing activity of the brand in the sense of building the Ashiana brand in the micro market. So we are expecting approvals any time soon but again as it is a new geography we are taking some time to learn the ropes to getting the approvals in tact.

**Ravi Dodhia** So in terms time lines it is about 3 to 6 months away or?

**Varun Gupta** Three to six months away. And on Utsav, Jaipur the bookings were mostly in line we saw good traction there in Jaipur in my view. We had about 18 odd bookings which is as per plan about 6 odd bookings a month.

**Ravi Dodhia** Last quarter bookings were around 0.35 lakhs square feet?

**Varun Gupta** Yes, so there can be some quarter-on-quarter movement but overall 18 bookings is what if we expect as we do not have too much stock left as well. So that constraints the choice of flats that buyers have and therefore there will be some slowdown in the speed that Utsav, Jaipur will have. I think we have very limited stock that phase 1 is 90% sold, phase 2 & 3 are 70% odd sold. So given that there is that basic issue that less inventory is yielding to a slowdown in bookings which is general. On Utsav Lavasa, the project has moved slowly and there is some concern on in terms of overall sales and traction there. We hope to see it pickup post October with families moving in there. A couple of families are already in and during the monsoons I do not think there will be some movement of people in. But October will start seeing people move in to the phase 1 of Utsav Lavasa and then there should be an uptake in bookings as per our expectations.

**Ravi Dodhia** There what is the problem when the people are coming for enquiries or site visits, what exactly are you hearing from their side, why they are reluctant to look for say buying a flat?

**Varun Gupta** What we are hearing is just confidence levels on the project Lavasa overall in terms of just delivery of infrastructure, delivery of the town and how to deal, will it get populated, will there be jobs, and therefore people moving in. What will be the future of the township of Lavasa look like? The good part is Lavasa has bought in most of the infrastructure together we have power, water, sewage, telecom, roads, restaurantsetc. There are people living in Lavasa delivered flats on rent who are working in Lavasa whether in the Lavasa project or for the

multiple hotels that has been built and social infrastructure is slowly coming in to play. So I think the questions will get answered when people will be able to verify those answers with people who are actually living in Utsav, Lavasa. So that is where a lot of possession will make a difference. That will create a confidence that this will actually get habituated in future. So I think that is the biggest question or worry. And on Rangoli Garden booking is again Rangoli Garden also has reduced stock and reduced variety in the first quarter we do not have phase 7. Basically we ran out of 2 BHK units in Rangoli Gardens. So the bookings were concentrated in 3BHK units. Now with phase 7 being launched, which has 2BHK units the bookings will pick up but overall Rangoli Garden is looking alright and we have 2 years to complete. The construction is as per pace. There is no issue in the liquidity there.

- Ravi Dodhia** So phase 7 that you have already opened up or?
- Varun Gupta** We have opened it up in July.
- Ravi Dodhia** Last question in terms of this selling and distribution by advertising cost what are your budgets for the upcoming projects?
- Varun Gupta** It just depends on project to project. Right it has been trending downwards on a per square foot basis but it varies anywhere from Rs. 40 per square foot to about Rs. 200 per square foot depending on project. So it is very difficult to state that.
- Ravi Dodhia** Otherwise in terms of total revenues from a project, what will be the percentage?
- Varun Gupta** It can be anywhere between a 1.5% to about 3% or even 5% sometimes. But if we get about 3% it is a good number I think according to me.
- Moderator** Thank you. The next question is from the line of Ayush Mittal from Mittal & Company. Please go ahead.
- Ayush Mittal** First of all congratulations on building such a nice platform and thanks a lot for updating the investors regularly. It is really appreciable. My question is similar to like that of Ankur. Based out of Lucknow I am seeing lot of heating up of property market and every second person we meet they have ventured in to building the apartments and high raised buildings themselves and is this creating a lot of competition and problem for a company like yours?
- Varun Gupta** Thank you Ayush first on the complements on the platform. The second answer is we are not feeling the over heating as much as what is there. Otherwise yes, the overall competitive environment has become more competitive with many developers coming in to the market who are doing one building or two buildings on lands that they have held on to ancestrally or it has been held for a long time but that said the markets in India are very selling on a blue print. You do not build the building and then sell the building which becomes very capital inefficient and returns are not as good. So selling on a plan the brand that we have built and



established which is associated with timely delivery, high quality development, good customer experience is the basic differentiator that is enabling us to do well in these markets. So when markets are turning in fact if they are overheating or if there is constraints on over supply and if they moved delivery concerns in the minds of the people our view is that choosing us will become even more stronger reason for choosing us is that we have delivered on time in large volumes and high quality.

- Ayush Mittal** So as of now you are not seeing any of those the customer momentum and all that is in tact?
- Varun Gupta** Generally the custom momentum is in tact, yes.
- Moderator** Thank you. The next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.
- Rajat Budhiraja** This is Rajat Budhiraja. My first question is you have given the target of 23 lakhs square feet. I want to know how much you have factored in the contribution from Ashiana Town and Gulmohar Gardens?
- Varun Gupta** We are expecting about 7 lakhs to come from Ashiana town and about 3 lakhs to come from Gulmohar Gardens out of that 23 lakhs.
- Rajat Budhiraja** And you have already booked near about 6 lakhs square feet from Ashiana Town, so you are not going to launch new projects and new phases in this?
- Varun Gupta** We are contemplating launches in Ashiana Town based on our capabilities to deliver the projects on schedule. So we do not want to launch the bookings and not have the capacity to execute that as far as the project goes. So we have launched Phase-2 which were comfortable in delivery. Launch of Phase-3 will be very dependent on how bookings continue and in the near time and our expectations on delivering the project as per schedule.
- Rajat Budhiraja** Since you have been receiving a good response from Tada and as well as the new projects are coming so is there any maximum limit of booking that you are targeting and above which you do not want to stretch yourself?
- Varun Gupta** We have not thought of that number. We take calls project-to-project rather as I said so in Ashiana Town we will take a call sooner depending on our execution capability in that project because delivering across four projects in certain square footage is one thing, delivering it in one project is one thing. So we will have to take a call according to that. So there is no cap on the company's square footage that we are not going to take booking is more than x.
- Rajat Budhiraja** And how much is the 23 contribution from future projects like your Neemrana, or Jodhpur and Jaipur?

- Varun Gupta** About 2 to 3 lakh square feet is expected out of the future projects.
- Rajat Budhiraja** And coming back to Thada so what is the kind of run rate that you have seen per month or per quarter in terms of lakh square feet booking?
- Varun Gupta** In terms of Ashiana Town has been launched only for a month and it was all of pent up demand as we had told customers who were looking to book in our Ashiana project that if we will launch in some time that was going on for a year that kind of capitalized in a month. So it is hard to give a run rate right now. We need at least 3 or 4 months of bookings to give a sense of the run rate.
- Rajat Budhiraja** What is the status on Vrinda Garden in terms of approval and what are your expectation of launch?
- Varun Gupta** Six months to Vrinda Gardens.
- Rajat Budhiraja** In terms of launch?
- Varun Gupta** In terms of launch and three months to Ashiana Dwarka in Jodhpur.
- Rajat Budhiraja** And Neemrana is already approved and you have already launched it?
- Varun Gupta** No, on the Neemrana also part approvals. Approvals status of Ashiana Dwarka, Vrinda Gardens and Aangan Neemrana is similar. They have all received 90A clearance for non-agricultural purposes. In that sense there are other approvals that are required for these projects. So they are at different stages in approval. So first I think it should be Ashiana Dwarka, then Aangan Neemrana and Vrinda Gardens. It is generally what we are expecting but in the next three to six months is when we are expecting to launch these.
- Rajat Budhiraja** And we have done these acquisitions very recently so you have already paid the full amount or something is pending and how much have you paid for it?
- Varun Gupta** Except for Utsav Kolkata here all the projects are fully funded for by us.
- Rajat Budhiraja** And for Utsav Kolkata how much is pending?
- Varun Gupta** Utsav Kolkata we just paid 10% of the deal amount. The rest is linked to approval then post that. It is a long term deferred structure approval and infrastructure linked. So till we get a sense of when approvals will come in place, it is hard to also comment on when the cash flows will also go out.

- Rajat Budhiraja** And my last question is related to Rangoli Gardens. You have launched the last phase. So this is the difference between saleable area and launch areas given in your presentation which is 3 lakh square feet?
- Varun Gupta** Most of it would be launched in phases also sometimes we hold a certain part of the project to launch. So there is some commercial square footage over there which is not been launched yet so which will get launched over a month or two which is part of Phase-7.
- Rajat Budhiraja** But the total saleable area would be 26 lakh square feet?
- Varun Gupta** Yes, it should be 26.06 lakhs square feet.
- Moderator** Thank you. The next question is from the line of Neeraj Marathe from HU Consultancy Private Limited. Please go ahead.
- Neeraj Marathe** I just had one question. Being based out of Pune, in Lavasa couple of more mini townships, the villages that they call it are being launched. So generally there were talks about Ashiana wanting to expand in Lavasa probably going for one more project or something like that, any such plans of it?
- Varun Gupta** Yes, as was disclosed earlier we had signed of on a term sheet which HCC disclosed that there something going on but unfortunately we have not been able to conclude the term sheet and the term sheet has been terminated.
- Neeraj Marathe** So additional projects in Lavasa are not in the pipeline as such?
- Varun Gupta** Well, it was in the pipeline then it got terminated but it could happen. We do not have a view that we do not want to do another project in Lavasa. We still think that the project has a lot of promise. The Lavasa Corporation has done a very good job of providing a lot of amenities and doing high quality infrastructure development but these calls are taken as and when we go deep on a phase-to phase.
- Moderator** Thank you. The next question is from the line of K S Batra, individual investor. Please go ahead.
- K S Batra** I just have one or two queries. Whether any delay in any of our project sir especially in Lavasa?
- Varun Gupta** Lavasa Phase-2 is a month behind. So Phase-1 has been handed over and is in the process of handing over I think once the monsoons are out people would be moving in to Lavasa Phase-1.
- K S Batra** How is current inflow of enquiries from the investors or from the actual users?

- Varun Gupta** General inflow is good. We are having good site visits.
- K S Batra** Because we have been hearing a lot of slow down so just wanted to know whether there is some effect on our inflow of enquiries?
- Varun Gupta** The overall site visits figures are fairly comfortable. They are a little 5% to 10% below what we would want but general enquiries levels are alright. They have not trended very downwards or anything like that. Anyways but the thing is that if there is a down trend in the actual use of market is when they will start delaying decisions. They might keep coming to look at the properties and delay decisions as they are weary of their jobs. Right now over all most people in our markets are fairly comfortable in job and the job security. So that issue has not been seen yet. When we start seeing that issue then there might be a cause of concern.
- K S Batra** Any plan to have more projects in Maharashtra and Gujarat in near future?
- Varun Gupta** Well in the near future we have been actively looking in Maharashtra but unfortunately we have not been able to close in on a transaction that we can find.
- K S Batra** Currently cement and steel prices are on the downtrend, are we getting benefit by the way of improvement in the margins?
- Varun Gupta** Cement prices have seen a down trend but we have not seen a down trend in steel prices.
- K S Batra** I have one fear in the mind because we have seen every class of investors they have suffered over last one and half years be it a equity or be it gold, so in case sentiment changes towards negative in the real estate what will be our line of strategy because things are all sentiment driven, so when sentiment is good, everyone book the things, all investors come and do the booking for the forthcoming projects. In case if there is a fear, in case some sentiment changes like what we saw in Dubai and USA a few years back. In case that situation comes what will be our line of strategy?
- Varun Gupta** Sir, one line of strategy simple that we are cash rich or liquid fairly to whether any storms that might come our way. Second is we have been branding ourselves around timely delivery so the expectations are that when people are fearful they will get attracted towards our brand more than others because they feel relatively safer. So that is the second line of strategy. Third is that looking at actual users, actual users make a consumption decisions and they do not make a return decision. They are not making a decision whether this price will go up or down, they are making a decision this is my budget let us find the best property I can find. So other my concern is when the actual users are fearful of their job then they will delay their decisions because they are not willing to level their personal balance sheet with home loans. So that I think we need to be more watchful of that and less watchful of any negative sentiment towards the asset class itself.

- K S Batra** Sir, my last query. What are the current prevailing rates in our Lavasa projects and where we started?
- Varun Gupta** Unfortunately we will not have the current prevailing rates but I know that we have up the rates in the Lavasa project in the last month.
- K S Batra** Approximately?
- Varun Gupta** Somewhere around 4000 levels where would be. Our pricelist should be on the website. So you can have a look.
- K S Batra** I believe you started booking at 2700, three years back?
- Varun Gupta** Probably sir, I am also unaware. I can look up the three years price slip in there.
- Moderator** Thank you. The next question is a follow up question from the line of Ankur Jain from Tactica Capital. Please go ahead.
- Ankur Jain** Varun, I have three more questions. Could you please provide me what is the total number of units in Utsav Bhiwadi that the company has launched and the possession has been given? And how many of them been occupied as of now?
- Varun Gupta** Utsav Bhiwadi has 640 units. So some of that is 640 units, 640 units for active senior living. We have sold 635 odd probably 636. So we can give you this data offline over the email. It is around 630 or 635 units have been sold.
- Ankur Jain** Yes, I will clarify my question. I wanted to know how many of the units have possession been given for, I mean sold 630?
- Varun Gupta** So it has been whatever is sold has been given possession for.
- Ankur Jain** And how many of them being occupied as of now?
- Varun Gupta** Over 400 families are there. I am not so sure on the exact number but over 400 are occupied.
- Ankur Jain** And in Utsav format is there a restriction on the seniors of not selling a flat I mean not selling a housing unit after they are bought for a few years or they can resell it whenever they want?
- Varun Gupta** You can also buy it in first sale itself from because there is no restriction on the ownership of the flat. The restriction is on the people residing in the flat. So they can sell it to someone else but the person who is residing in the flat has to be 55 years of age or his or her spouse has to be 55 years old.

- Ankur Jain** So there is no restriction on ownership?
- Varun Gupta** There is no restriction as such.
- Ankur Jain** The second question is about the Milakpur land I mean in one of the previous con calls it was mentioned that the Milakpur land is I mean the Government wants to acquire this land under some scheme and our company has gone and challenged that in that Court, could you provide some update on that?
- Varun Gupta** Nothing is happened since I think the last update Ankur. The current status is that the government has issued an award. By issue an award means they have declared is what they will pay and have completed proceedings in terms of that. But it has been about 4 months since they have done that and there is no indication of either them having the finances or real intent to take possession in the near term.
- Ankur Jain** Okay, but since they have already issued or basically mentioned about the award so the company cannot go ahead with the schedule of launching a project on that land, is that right?
- Varun Gupta** Yes, that is correct. So we have filed a writ in the High Court and that writ is pending for disposal.
- Ankur Jain** And what exactly is this scheme for which the Government wants it?
- Varun Gupta** Residential development.
- Ankur Jain** The third question I mean this is about the blended margins?
- Varun Gupta** Yes.
- Ankur Jain** In one of your con calls earlier con calls you refused to share the blended margins that you do not share this data but is it not possible that it can be worked out backwards I mean if you are selling at Rs. 2600 and the land cost is around 25% and the construction cost is Rs. 1300?
- Varun Gupta** It is not as simple as that.
- Ankur Jain** So I mean am I missing something?
- Varun Gupta** No, but every deal is very different. We do revenue share, we do area shares, outlet purchase, deferred payment structures, G+4, so they are very different in their nature.
- Ankur Jain** But if we just want to take a ball park number is it way off the mark if I assume that the gross profit per square feet or gross cash flow per square feet to the company's earnings is in the range of Rs. 500 to Rs. 600 a square feet after all the expenses?

- Varun Gupta** Are you talking about gross profit or are you talking about after every other expenditure?
- Ankur Jain** After all the expenditure.
- Varun Gupta** So at the PBT level?
- Ankur Jain** Yes, PBT level.
- Varun Gupta** PBT level it should be little higher than that according to me.
- Ankur Jain** Little higher than Rs. 500 to Rs. 600?
- Varun Gupta** Yes. I do not have the exact number with me but my view is that it should be little higher than that.
- Moderator** Thank you. The next question is from the line of Manish Jain from Axis Holdings. Please go ahead.
- Manish Jain** Yes, two questions. First is what is really is the current cash that you have in the company and second is a broader question in terms of the brand where we believe that you are better off expanding in the areas where you have a very significant brand that is in Jaipur, Rajasthan and all rather than doing a pan India because the comfort that the local buyers have and the branding that you have is far superior than when if you go in to a different city or a different state?
- Varun Gupta** That is correct.
- Manish Jain** So can you just expand on that?
- Varun Gupta** So first on the cash we have disclosed a balance sheet of the company on the quarterly basis and if I look at current investments in cash and cash equivalents it is about Rs. 104 crores. This excludes cash lined with the partnership firms which are SPVs where we have a significant interest and we are executing that would be around another may be Rs. 12 crores to Rs. 15 crores which are lying in those partnership firms as the reserves for meeting any working capital shortfalls over there. Now on the brand perspective it is correct that we should expand in the cities that we have a presence in already but the question that comes in is do these cities have a saturation limit for the products that we offer and then the question that arises is that if that saturation limit has been met then should we offer different products in that city or should we take this product to multiple cities and so our view is that we are doing well in the cities we are already in. Jaipur and Bhiwadi being large cities we have here about 80% odd of our inventories there now are between Neemrana, Jodhpur, Bhiwadi, and Jaipur we will have 90% of our inventory overall. So the question that comes to us is should we focus on the product or should we focus on the locations? Our view is to focus on the product

because we do that really well and the brands will be varied as we will enter new geographies. It will take some time but if we do good work with a good customer experience the brands will be transferred. The question is the speed of transfer of the brand.

**Moderator** Thank you. The next question is a follow up question from the line of V P Rajesh from Banyan Capital. Please go ahead.

**Rajat Budhiraja** This is Rajat Budhiraja. Your free operating cash flows are 26 in last quarter, so how the trend is going to be in the next two years?

**Varun Gupta** See the trends right now looks positive based on bookings that we have received in Ashiana Housing in July for the near term. The basic driver of these cash flows is if we are selling well then this cash flow should trend upwards.

**Rajat Budhiraja** And if I look at the EAC your last year EAC was 12.27 and the bookings were 18.5 and if I look at the absolute number this is 6.23 and this number has gone down to 4 in your projections so is it like an indication that operating cash flow will be at the same level or going downwards?

**Varun Gupta** There are two ways to look at it one there is an indication that it will be going downwards because the absolute number is shifting. Another thing that is happening is if you are constructing for the booking that had happened previous year because of that construction cash flows which were pending which were linked to the construction plan will start flowing to us. So as long as we are selling and we are building cash flows should trend upwards.

**Rajat Budhiraja** For FY14 looking at the bookings and EAC so this should trend upwards?

**Varun Gupta** It should trend upwards generally.

**Moderator** Thank you. The next question is a follow up question from the line of Ravi Dodhia from CRISIL. Please go ahead.

**Ravi Dodhia** I just had one question. Your other income has increased on more than 50% in year-on-year in this quarter. So just want to understand reason of that?

**Varun Gupta** The reasons for the increase in other income Ravi was we sold a unit that was sitting in investments in one of our earlier developments which we had earlier put on rent. So the sale of that unit created a significant amount of profit which goes to other income. That is the figure that distorting it.

**Ravi Dodhia** So what was that figure?

**Varun Gupta** I think it was around Rs. 90 lakhs.



- Ravi Dodhia** Sir, you were owning that apartment or flat whatever it is?
- Varun Gupta** Yes, it was a commercial space in one of our developments in Jamshedpur and it was a very old development that we had rented it out and now we sold it to the tenant itself and has created that distortion.
- Ravi Dodhia** And rest is your yield on the cash which is there?
- Varun Gupta** Rest is the yield on the cash, correct.
- Moderator** Ladies and gentlemen, that was the last question. I would now like to hand the floor back to the management for final remarks. Thank you and over to you, sir.
- Varun Gupta** I would like thank all of you for being on this call and been patient with the questions. I hope you have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company we would be happy to assist. The results, quarterly update, and lot of materials we have spoken about are posted on our website and you can also make queries for any further clarification. Thank you once again for taking the time to join us on this call.
- Moderator** Thank you, sir. On behalf of Ashiana Housing that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.