



“Ashiana Housing Limited Q3 Nine Months FY16  
Earnings Conference Call”

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**MANAGEMENT: MR. VARUN GUPTA - WHOLE TIME DIRECTOR, ASHIANA HOUSING LIMITED**  
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**MR. GAURAV SUD.**

**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Ashiana Housing Limited Q3 Nine Months FY16 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your Touchtone Phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Sud. Thank you and over to you.

**Gaurav Sud:** Thanks, Moderator. Welcome everyone and thanks for joining this Q3 FY16 Earnings Call for Ashiana Housing Limited. The results have been mailed to you along with the Press Release and are also available at our website [www.ashianahousing.com](http://www.ashianahousing.com). In case, anyone does not have a copy of the Press Release please do write to us and we will be happy to send it over to you.

To take us through the results of this quarter and answer your questions we have today with us, Mr. Varun Gupta, Whole Time Director of the Company; and Mr. Vikash Dugar, who is the CFO. We will be starting the call with a brief overview of the Company’s performance and then we will follow with a Q&A session.

I would like to remind you all, that everything said on this call that reflects any outlook for the future which can be construed as a forward-looking statement and must be viewed in conjunction with uncertainties and risks that they face. These uncertainties and risks are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report, which you will find on our website.

With that said, I now turn over the call to Mr. Vikash Dugar. Over to you, Vikash.

**Vikash Dugar:** Good afternoon, everyone. Thank you for joining us to discuss the third quarter performance of Ashiana Housing in FY16. I extend a warm welcome to all of you.

Quarter-on-quarter sales improved to 2.63 lakhs square feet versus 2.16 lakhs square feet in Q2. Sales in quarter three FY15 were 3.75 lakhs square feet however, overall market condition remain sluggish.

Decrease in area handed over in current quarter was 1.13 lakhs square feet versus Quarter Two FY16 at 3.38 lakhs square feet resulted in lower revenue booking. PAT decreased to Rs.4 lakhs for the quarter versus Rs.1,335 lakhs for Quarter Two FY16 due to lower revenue booking resulting from decline in area handed over this quarter.

We are well on course to deliver around 18 lakh square feet during the year out of which 6.86 lakhs square feet have already been delivered till quarter three. Out of total deliveries till quarter three 2.62 lakhs square feet has been delivered in AHL and 4.24 lakhs square feet has been delivered in partnership firms. We expect to deliver around 11 lakhs square feet which includes 2 lakhs square feet in project in partnership firms in quarter four of FY16, this would result in higher revenue recognition and result in higher PAT in quarter four. We have always ensured the units delivered by us is livable before handing over to the customers. Even if that

means substantial delivered are bunched up in quarter four, some of them even slipping from quarter three.

Pre-tax operating cash flows of Quarter Three FY16 are negative at Rs. 235 lakhs, which was negative Rs.149 lakhs in Quarter Two FY16. This year will be challenging in terms of cash flows, however, given the receivables from total booked units we do not see execution challenge which is area to be constructed challenges.

Equivalent area constructed increased to 6.14 lakhs square feet Quarter Three FY16 versus 5.87 lakhs square feet Quarter Two FY16 and 5.69 lakhs square feet Quarter Three FY15. Sustainable momentum in area constructed on year-on-year basis reflects that the company is generally on schedule for project deliveries as we grow. You will appreciate that in these sluggish markets, we have maintained our construction pace as per plan, which we hope will be advantageous to us when the overall economic cycle turns around for the realty sector, which in turn would also revive the cash flow from operations substantially.

We are planning to raise debt capital up to Rs.125 crores to Rs.150 crores including an NCD issuance to cater to temporary working capital requirements over the next 12 months to 24 months. This is to fund the construction cost of finished inventory which might remain unsold at the end of construction period. The idea is not to use expensive equity capital to fund our working capital requirements.

We continued scouting for expansion opportunities. We have been progressively deploying the QIP funds for land deals. Till Quarter Three we have deployed more than Rs.80 crores in various deals primarily towards Ashiana Tarang, Bhiwadi, Ashiana Umang, Jaipur and Ashiana Maitri, Kolkata.

Pleased to share that we entered into an understanding for development of regular group housing project on 7 acres approx. of land with saleable areas of 6.5 lakhs square feet approx. at village Asangi, Jamshedpur.

We launched project Ashiana Tarang in Sector 24, UIT Bhiwadi with saleable area of 2.18 lakhs square feet out of its total saleable area of 11.09 lakhs square feet and sold 78 units totaling up to 90,000 square feet within Q3.

Great news on the credit rating front with the upgrade by CARE from A- to A. The back to back rating upgrade in successfully two years highlights the strength in our balance sheet.

In these challenging times we plan to stick to our core basics like preserving enough liquidity to sale through cyclical downturns, judiciously allocate capital and keep nurturing customer joy through initiatives like "Happy Handover". Basis feedback from our stakeholders we will also strive to increase our level of disclosures in future and provide more detailed information like break-up of sales and revenue into own and partnership firms to facilitate better understanding/ forecasting of our numbers.

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. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Abhitesh Agarwal from India Nivesh Securities. Please go ahead.

**Abhitesh Agarwal:** Yeah, I would like to first ask in this quarter, we received a negative EBITDA and minuscule PAT so any other reason apart from the project revenue mix like there we less of number of deliveries and partnership firms that was one of the fact apart from, was there any other reason?

**Varun Gupta:** Basic reason is that overall decline in areas handed over. So more than the mix we just handed over a 1,13,000 square feet so which led to the decline in revenue recognition in PAT. I think the full year profits will be on track with area handing over about 18 lakhs square feet taken into account.

**Abhitesh Agarwal:** Okay. And other thing I would like to ask if we look at the Q4 FY16 then we have a lot of expected deliveries so, out of like Ashiana Town Beta Phase-I, Phase-II, Gulmohar Gardens Phase-II, then Anantara, Neemrana, Rangoli Gardens, Utsav Leo so from that what are the possible delays that we are expecting as of now?

**Varun Gupta:** Okay. So we expect Ashiana Town Beta Phase-I to get handover to over this quarter. Phase-II there is a probable slippage of going into the next quarter so it is touch and go in March, April so I would say that it will go to the next quarter, it is not being factored in that 11 lakhs square feet that we have given our guidance on. On Rangoli Gardens Phase-VII the residential units have already been starting handing over for this quarter should get continued, the retail portion we expect to handover end of March or April so again there might be slippages there. Gulmohar Gardens Phase-II we will have partial handover in this year and partial handover in next year. Anantara both the projects Leo and Gemini, should get handed over this quarter. Ashiana Aangan Neemrana is also on a touch and go situation so there might be partial handover in this year and partial handover in the next year so, Aangan Neemrana is also a little bit of it touch and go situation. Ashiana Dwarka we have already commenced handing over so we had partial handover in the last quarter and we should have handing over in this quarter.

**Abhitesh Agarwal:** Okay. And regarding the completed inventory that we gave so, the data is like a little bit confusing we mentioned the number of unsold and un-booked area but out of that how much is yet to be recognized is not mentioned so like if the Anantara Leo is added but it has not been recognized right till now and a lot of...

**Varun Gupta:** The unsold, un-booked area will not have that obviously so there would be areas which are on either completed or on verge of completion and will get recognized in this quarter which is covered in that 11 lakhs square feet guidance that I just in the project break-up that I gave you.

- Abhitesh Agarwal:** Yeah, so what is the approximate area out of this total area that we have given that we can expect from the completed projects I mean inventory to be recognized?
- Varun Gupta:** I would not have that figure on me. Vikash Ji, can you please take a note of it?
- Vikash Dugar:** No, so the thing is that the portion of this will get recognized revenue depending on the sale so as such this areas is already complete just that it is un-booked or unsold so, it will get recognized for revenue once it is sold.
- Abhitesh Agarwal:** Okay. But a lot of them are already booked means they are sold but handing over is only left.
- Varun Gupta:** No, that 1,42,000 square feet list that we have given has not received any bookings.
- Vikash Dugar:** Correct. So it is complete but it is yet to be sold or it is yet to be booked and the once you are talking about Abhitesh wherein it is completed and book, it is only a matter of time that it will get handed over, it is just in that final leg that some part is pending for which it is in the process of getting handed over otherwise, it is sold as such.
- Abhitesh Agarwal:** Yeah, so that was only the question, like if you mention the...
- Varun Gupta:** So that portion is included in the 11 lakhs square feet area, it is not in the 1,42,780.
- Vikash Dugar:** So for example, in case of Dwarka which Varun mentioned a short while back there are couple of units since we have already commenced deliveries and handover they are gradually getting recognized, the units which are sold.
- Abhitesh Agarwal:** And you can throw some limelight on the project launch Ashiana Tarang as well as JDA in Jamshedpur?
- Varun Gupta:** So Ashiana Tarang has been launched in Bhiwadi with our belief that we needed inventory in the 32 lakhs to 45 lakhs category, so that view we have launched 2 BHK and 3BHK homes and the response has been good we sold about 90,000 in the quarter of launch itself for a sluggish market according to us that was a very good response, it is in over 11 lakhs square feet project and the JDA in Jamshedpur is in the Adityapur region of Jamshedpur is the first time we will be coming up a project in the Adityapur region in about 20 years and we are excited about that. We should launch in about six months to nine months from today for sale and construction.
- Abhitesh Agarwal:** Okay, sir and the last final question before I hand over. We seek approval for raising debt or any other instrument similar so what will be the primary purposes of that we have planned?
- Varun Gupta:** Primary purposes construction, with the current sluggish pace in the market, we just wanted to ensure that we can complete all our projects on time so we might be having some unsold completed construction that we will need to put together to put a project through and in order to finance that we have raised debt.

- Abhitesh Agarwal:** Okay. So is this the figure that we need that we are short as of now for FY17 or how long can we...
- Varun Gupta:** About FY18 it would be a two-year shortfall so the draw down will be with construction so...
- Abhitesh Agarwal:** So means you have the area and bookings is as per the current pace or you have projected like if you have projected from this year's base then till FY18 we can sustain our cash flows, right like operating cash?
- Varun Gupta:** Yes.
- Moderator:** Thank you very much. The next question is from the line of Manan Patel from Samiksha Capital. Please proceed.
- Manan Patel:** My question was on one on the realization so your realizations in Q3 have gone down from around 3,477 to 3,184 so would that be primarily because of product mix or because of the sluggishness in the market and you have cut down prices in some of your projects sir?
- Varun Gupta:** Primarily because of product mix which we launched Ashiana Tarang in Bhiwadi which was cheaper product. As I said, it was between 30 lakhs to 45 lakhs category and cheaper on a per square foot basis as well so therefore the decline in average realization.
- Manan Patel:** Okay. And in the projects that you have launched have you cut down prices on any of your project, have you seen competitors doing so?
- Varun Gupta:** We have not reduced prices in ongoing projects anywhere competitors are offering price discounts not on a rate card basis where prices are reduced upfront but discounts are available in the market which are more than the normal discounts that would be available otherwise.
- Manan Patel:** Okay. And sir, I wanted to understand something on your profitability so basically the prices of commodities have gone down so, steel has gone down a lot probably not cement so how does that impact your profitability, so that does that significantly improve?
- Varun Gupta:** It does not improve it significantly but yes, there is a definite benefit on the cost of construction that is there and obviously it will get reflected later on when we handover those projects where steel and cement is getting consumed which is those projects which are earlier in the zone of construction and it is because that is the time when we consume all the steel and majority of the cement. So therefore, that might get reflected two years from now from there is not a significant impact on the cost side which is material in nature.
- Manan Patel:** Okay. And sir, one more thing, so do you keep a track or do you track in any way gross profit or EBITDA per square feet or how should we think about that?

- Varun Gupta:** I would suggest you should track gross profit slash EBITDA per square foot. We did this disclosure for last year for the projects for which revenue was recognized on a consolidated basis we will again disclose it this quarter and my opinion quarter-on-quarter tracking of that will also become wobbly because there are some fixed overhead cost which impact EBITDA where there is very limited revenue recognition to make the EBITDA per square foot lower and make it a little higher when there is a lot of revenue recognition so quarterly basis according me it will be very volatile so therefore we will disclose every year on a basis so in the next year results will get a sense to what are GP per square foot was overall.
- Manan Patel:** Okay. And can you disclose the same number for last year FY15?
- Varun Gupta:** I would not have it on us right now it is available in the annual report of last year and the presentation if you want to pick it up from there else you can drop us an e-mail and we will revert back with you on this one.
- Moderator:** Thank you. The next question is from the line of Rajat Budhiraja from Banyan Capital Advisors. Please proceed.
- Rajat Budhiraja:** My first question is on your view on the real estate market, how do you see pricing and your outlook on that?
- Varun Gupta:** My expectations are that the market will continue to remain sluggish for a little bit, I think the main driver for demand will come in with job creation and improving the income so till then that happens markets will continue to remain a little sluggish.
- Rajat Budhiraja:** So say at least a year or so or more than that?
- Varun Gupta:** Very difficult to say on the timelines, to me the trigger is that which I basically better job certain and improving salaries of people, I do not have a call on when that will happen.
- Rajat Budhiraja:** Okay, I understand. And would it be trend of pricing that you have seen in the last six months and any view on that?
- Varun Gupta:** In terms of pricing of real estate?
- Rajat Budhiraja:** Yes.
- Varun Gupta:** Last six months have been flattish.
- Rajat Budhiraja:** Flattish.
- Varun Gupta:** Yeah.

**Rajat Budhiraja:** Okay. And so in this kind of environment what is your strategy going forward in terms of expansion so how are we going to look at new territories or you know Jaipur is one area where we are still getting good bookings or I would say relatively better bookings. So how do you see the strategy going forward in terms of realignment according to the market scenario?

**Varun Gupta:** So on front, Rajat, we are not exploring newer territories our focus even for the past let us say 12 months to 18 months has been to work on existing locations or where we have already entered geographies like Chennai which we plan to get off the ground and this quarter work on Kolkata, Gurgaon, Jaipur and Bhiwadi where we have a strong hold and basically in the geographies that we are present in. So that will continue to be the focus of the company is to grow in the locations we are already present in fine scale where we do not have scale and consolidate where we have built scale. I think that will be the strategy and it will get fine-tuned as we go forward.

**Rajat Budhiraja:** Okay. And just for the clarification you mentioned that 100 crores of that issuance that you are going to do is for the next two-year shortfall by 18 I would say right, so what are your assumptions for booking for that number?

**Varun Gupta:** The assumptions are that the current pace will continue.

**Moderator:** Thank you. The next question is from the line of Ritesh Poladia from Girik Capital. Please proceed.

**Ritesh Poladia:** Just to take forward from the earlier question, sir if the sluggishness continues, would you like to reduce the prices or hold on and wait for the recover?

**Varun Gupta:** At this moment of time, the strategy is to hold on and wait for the recovery not only wait prepare for the recovery by enhancing customer joy customer satisfaction, we have taken a whole theme around delivering buildings which are more livable operationally ready and building customer satisfaction and loyalty. So that prepares us for the recovery and not to reduce prices in the meanwhile.

**Ritesh Poladia:** Okay. Any institution enquiries happening like I believe your entire strategy revolves around the industrial towns so if any industry is doing any bulk bookings are participating in that?

**Varun Gupta:** No, we do not have direct bookings with institutional customers or corporate if you say. Our bookings are with the employees of those corporate indirect. There would be corporates where we have sold to a large number of employees but over a period of time not in like in one go.

**Ritesh Poladia:** Okay. So as of now you would not like to reduce the prices but wait for the recovery?

**Varun Gupta:** Yes.



- Ritesh Poladia:** Okay. Secondly, just to brush up my concepts, the current P&L is for 1.13 lakhs square feet, right?
- Varun Gupta:** The current quarter?
- Ritesh Poladia:** Revenue as well as EBITDA...
- Varun Gupta:** Yes, it is 1.13 lakhs square feet, correct.
- Ritesh Poladia:** Okay. And your run rate for the construction remains at 6 lakhs square feet, so would that continue?
- Varun Gupta:** Yes, for this quarter, yes, we continue to build what has been sold and in order to build that any unsold stock that we have to build necessarily to complete the sold stock as well so that is that the run rate will continue but if the sluggishness in the sales continue for a while then obviously the construction volume should follow down as well.
- Ritesh Poladia:** In FY17 there might be fall in construction value also.
- Varun Gupta:** There might be, yes. Yes, not of the nature in the fall of sales volume but in FY17 there might be a slight fall in construction volume. More visibility is more in FY17 to FY18, the 2017-2018 financial year which will be significantly dependent on how sales volumes go ahead in FY16 to FY17.
- Ritesh Poladia:** Under this circumstances is it prudent to open the new projects?
- Varun Gupta:** So we are opening very small phases in projects and we have scale down the size to be prudent over there wherever we think we need to introduce product mix in an attempt to diversify our customer base, we will go ahead and do that or open up again in locations where we do not have project so in Kolkata, in Chennai by opening projects we are going to get additional sales, the idea is to, and keep the phase small enough that we do not run into a problem where we are not able to build a phase or have a cash flow situation so, that prudence is required. In Bhiwadi, we needed to diversify our customer base because a large of the market lies in that 30 lakhs to 45 lakhs bracket and therefore we went ahead and opened stock in that price bracket.
- Moderator:** Thank you. The next question is from the line of Ihab Dalwai from ICICI Prudential Mutual Fund. Please proceed.
- Ihab Dalwai:** Sir, my question was more specific to the Bhiwadi market so can you just throw some light on how much will be finished inventory in this market currently, how much is the work-in-progress inventory? And in case of the work-in-progress inventory, is it in terms of are these projects are further developers stalled or is there some work going on those projects? And when do you see this inventory coming down and demand picking up from there?

- Varun Gupta:** First of all, whatever I give will be ballpark estimates which can be very, very off. There is very inaccurate data available to substantiate where this will come from but my estimate is that the finished inventory in Bhiwadi is about 15,000 units. The good part is most of it is substantially occupied, probably better occupied than most other places in the country. Our projects are generally 85% to 95% occupied overall and we constitute a very large part of that inventory which is finished other projects are also very well-occupied so in Bhiwadi that is a good sign. Work-in-progress inventory according to me is about 50,000 odd units in Bhiwadi. I think these will get delivered probably in the next four years overall. And we will have deliveries which will slotted every year probably coming in. Work is mostly continuing. You do not see stalled building but I would definitely say the pace of work would have reduced in a lot of developments. So it again varies project-to-project, developer-to-developer that is the status of the market.
- Ihab Dalwai:** And in a normal scenario sir what would the demand for his market?
- Varun Gupta:** With the inventory mix I would say the demand is varied anywhere between I think 3,000 units to 10,000 units a year. Okay, it is hard to say which scenario is normal. In my view Bhiwadi has enough inventory to capture a very affordable category as well like where we do not necessarily participate where a lot of the blue collar workers are also getting covered in the inventory so it is able to capture a very large income bracket overall which is also a good part of Bhiwadi that it is catering to a good mix. Normal demand is very, very hard to say but my peg would be about 5,000 units.
- Ihab Dalwai:** Okay. And sir, is there any update on the second airport, suppose like government has announced that it might look to set up the second airport around that area so is there any update on that from the government front?
- Varun Gupta:** There is not any real update except for the approval and I would also let us say discount it because these things are very far out into the future.
- Ihab Dalwai:** And sir, last question, when you say Gurgaon project to be launched?
- Varun Gupta:** The Gurgaon project is already launched. It is in the South of Gurgaon in Sohna, South of Gurgaon it is already lunched. And for sale construction started in January or February I am sure the construction has also started so it has been shown in future projects for this noting will get covered in next quarter this as...
- Ihab Dalwai:** Okay, fine. And how has been the response in terms of pre-launch and...
- Varun Gupta:** We have sold a 1 lakh square feet.
- Ihab Dalwai:** Okay. It was in this quarter itself?

- Varun Gupta:** No, sales launch had happened about nine months ago so the future projects and current projects are classified on the basis of start-up construction. As construction had not started in Ashiana Anmol because of receipt of environment clearance we were awaiting that, so it has just started in this quarter.
- Moderator:** Thank you. The next question is from the line of Bobby Jayaram from Frunze Investments. Please proceed.
- Bobby Jayaram:** One question to general media commentary what you hear and read is that the Tier-II and Tier-III cities were showing some signs of demand, the urban centers that do not having demand but your sales show that even these areas are struggling do you have different views there? Or what are we actually seeing on the ground?
- Varun Gupta:** It is showing what it is showing for our numbers. According to us the real estate is sluggish across the board and that is talking to every developers like markets are off in Bhiwadi and Jaipur, Jodhpur, in the cities we are present in there demand is sluggish. And the news within these local cities corroborate for same so, if you pick-up a local newspaper of a Tier-III or a Tier-II city that might have a different story to tell.
- Bobby Jayaram:** I said you mentioned in an earlier answer to a participant's question that the key figure you see in your sales increasing is incomes to rise today that is a very fundamental figure you are talking about which may take years to happen whatever. So would that mean the other way of looking at it is prices need to correct to match current income levels, what is your view there?
- Varun Gupta:** You can either or probably may be both need to happen real estate are a little sticky then as compare to income levels for people. So therefore my view is that there might be more time correction in prices and real income will increase of people for that to happen. So general nature is that real estate prices tend to be sticky on the way down.
- Moderator:** Thank you. The next question is from the line of Sandipan Pal from Motilal Oswal Securities. Please proceed.
- Sandipan Pal:** I just wanted to understand two of your main market, Bhiwadi and Jaipur, what are the kind of macro trigger I mean under your vision probably which can again lead to recovery in this market I mean timeline is difficult but what are the avenues you are probably watching for?
- Varun Gupta:** Job creation and income growth.
- Sandipan Pal:** But is it something related to because Bhiwadi market I can understand it is in the center point of many of the industrialization activities so, any tangible progress on that side like your DMIC, DFC on those aspect?
- Varun Gupta:** There has not been any on ground progress on DMIC in terms of city level creation, DFC is definitely moving ahead so that should hopefully push the industrial growth. But CAPEX has

been slow in industry that is there which for manufacturing the pick-up a leading indicator would be CAPEX which will lead to job growth and therefore income growth as well. So for the manufacturing sector Jaipur is definitely a lot of more dependent on services.

**Vikash Dugar:** So again very hard to say if there are any indicators for now and that is what we are really, really watching out for a job creation and income growth, do not see any signs of it growing at this moment.

**Sandipan Pal:** Okay. And Bhiwadi market I think the initial few years of demand was majorly from the Gurgaon population or was it driven by localities who have actually got job over there?

**Varun Gupta:** In terms of occupancy it was majorly driven by localities who had jobs on Bhiwadi so, either they were on rent or they were owner occupiers but occupancy was primarily driven by people working in Bhiwadi. Now there are a few people who live in Bhiwadi and commute to Gurgaon for work which was not happening earlier.

**Sandipan Pal:** So arbitrage is playing out right now incremental?

**Varun Gupta:** Is it playing out significant, no, but there is incremental arbitrage around that where people are moving Bhiwadi and commuting back and forth.

**Sandipan Pal:** Okay. And lastly, sir any other cities you are watching for where may be some of the smart cities has been announced for future, these very futuristic but still if you have any plan to kind of which you are thinking of...

**Varun Gupta:** No, what so ever, we are concentrated on the city we are already in and our energies will be spend in trying to scale up the new city that we have entered and consolidate the cities where we already have presence.

**Moderator:** Thank you. Our next question is from the line of Abhitesh Agarwal from India Nivesh Securities. Please proceed.

**Abhitesh Agarwal:** So my question is if we look at the partnership project revenues that is post tax revenue that we mention in the top-line so, if we divide it by the area that we booked so we get a per square feet tax for partnership projects, if I am not wrong.

**Varun Gupta:** Yes, you are correct.

**Abhitesh Agarwal:** Yeah, so that value is constantly declining for the past three quarters so that is why I have question like what is the reasons for that? How is it calculated or what should we take it?

**Varun Gupta:** My suggestion is not to look at quarterly numbers on this margin front, you will be very volatile again project mix specific unit mix, specific share in a particular share, as the amount in square footage handed over in that quarter will have an impact. The full year's number will

be a better number to look at when margins are reported. I would just wait for a quarter to do that margin per square foot calculation as an overall number.

**Abhitesh Agarwal:** Yeah, that is there but it has like declined significantly from 550 per square feet to like 206 per square feet so that is a significant number so I was just asking like is there any land that is apportioned or any other fact that need to be considered?

**Varun Gupta:** Honestly, we have not done that calculation yet, so I would not be able to comment on it right now. Let me have a look at the number may be we can get back on that number to you.

**Abhitesh Agarwal:** No problem. And apart from that what is the future project pipeline for FY17 that we have for the first-half?

**Varun Gupta:** In terms of deliveries or in terms of launches?

**Abhitesh Agarwal:** Launches.

**Varun Gupta:** We are looking to launch project in Jamshedpur in that we have just signed off on a DFR and Chennai we expect to launch in this quarter Ashiana Shubham and next year we will also look to launch the project in Kolkata. I would not be able to comment first-half or second-half it is very hard to predict when we will get approvals in that finer a timeline but basically we are waiting approvals in both these projects to...

**Abhitesh Agarwal:** And how are we looking for the traction for this Kolkata project?

**Varun Gupta:** Again very hard to say probably better during at the time of launch depending on the market situation.

**Abhitesh Agarwal:** Okay. And are we looking for any other land acquisition as the sloppiness in the real estate market continues so, are you getting good deals for land in Tier-III or Tier-II cities?

**Varun Gupta:** We are getting good deals, we are looking at opportunities.

**Abhitesh Agarwal:** Okay. So anything in mind, that you can tell us or which areas at least for geographies that we are looking for?

**Varun Gupta:** There is nothing to specifically comment right now, we just close the deal couple of days ago on a development agreement in Jaipur that we did notify to the stock exchanges so we did do that.

**Moderator:** Thank you. The next question is from the line of Ravi Purohit from Securities Investments Management. Please proceed.

**Ravi Purohit:**

Couple of questions and one is to extend the point that one of the earlier callers had made on this if incomes are not matching up to real estate prices why do not prices go and meet income levels and I think you had mentioned that they are tend to be sticky on the downside. But you just kind of elaborate a little bit more is it like as a company also you kind of tend to make those choices because let us say for example, if I draw an example from the capital goods industries or some of the other cyclical industries where in the downturns companies are okay to kind of sacrifice a little bit on the ROEs but they want to kind of maintain market share in the geographies or in the products and services that they are present. It is part of the normal economic cycle right an up cycle you kind of make that additional ROE and the down cycle you should be okay to make slightly lower ROE so, as a company how do we make those choices? What do we think when we are looking at kind of these downturns and where if need be may we take 5%-10% indirect price corrections or direct price corrections whatever. So if you could just kind of share some of your thoughts on that.

**Varun Gupta:**

Okay, two things - three things Ravi, one price corrections will necessarily stimulate demand and the short-term is also a very we do not know because real estate also is an investment class and not just a consumption asset like may be a capital good might be which does not appreciate in the future and so if prices are correcting people start may be also start expecting the prices will correct further and keep holding onto their decisions. So is it necessarily where price correction will lead to more demand is also not a sure shot assumption that one front of it. The second front of it that we do not need to correct prices to fund construction so we have kept our balance sheet debt-free basically for this purpose because cycles will come and our capacity to ride those cycles and delivery on schedule and build customer confidence and know that customers know that these prices would not fall, is a very important attribute that goes ahead when you buy an Ashiana product. And our balance sheet is structured in that manner that we are able to do so that is one part of it. And third part of it is we are reviewing if our products are off from consumption perspective of people can our target customers afford our products and how much is it off? If it is off by 5%-10% I believe 10% income growth in India on an annual basis is sort of a given the high inflation economy we are. And if it is a 10% gap then a year's time for it to get covered and we have to review whether our products are matching to the customer requirements at the right price point and their affordability. We are going through that exercise and reviewing that piece for our projects right now. Basic indicator is that we are more or less within that band and it is may be a 12 months' scenario where people can actually afford our product and I think and in most of situations we are on the weight of affordability in large part of our product portfolio and the value that we are providing to the customers for that price point that they have. So then we have sort of also determined that people are just waiting and delaying decisions. Price correction I do not think will entice them to buy.

**Ravi Purohit:**

Actually that was my follow-up question as to do you kind of keep accessing as to our product pricing versus affordability of the customer and whether our product are slightly off in terms of value for money and it is off and if you realize that happens and do you do course correction and if you do actually do course correction, if you realize in certain product and certain projects how do you actually go over because if you do not take a direct price cut, and have you actually

realize because where I am coming from if I look our five years - six years - seven years numbers this year was the year when we just fell off the cliff in terms of area bookings, now it could be because of lack of new launches, it could be existing projects or it could be our kind of becoming slightly off in terms of the value for money proposition that our projects have so in that sense how would you kind of summarize that situation?

**Varun Gupta:**

Okay. So we are assessing that for our projects, okay we are in that process as we are speaking there is assessment going on. Our primary assessment has been that we are generally not off, okay. In Bhiwadi particularly what happened was majority of our stock become 3 BHK stock in Ashiana Town which we have unsold which is more in the 50 lakhs to 60 lakhs category. To keep the momentum of sales there is a very large category in Bhiwadi which is an in a 30 lakhs to 50 lakhs which wants to buy, so in Tarang became predominately more 2 BHKs as well. So there is enough diversification we are to capture that so when we launch Tarang we did that analysis and with that basis we have launched it. And even the per square foot pricing in Tarang is probably about Rs.300-400 per square feet lower then we might have expected to launch it earlier and keeping that thing in mind particularly. And again, so keeping different customer segments in mind, different affordability in mind we should have a enough of a mix as well so Ashiana Town will cater to a different customer, Ashiana Tarang will cater to a different customer; Ashiana Surbhi caters to a different customer, within the 30 lakh to 70 lakh price bracket that we want to play in and keep enough mix in that sort of zone so which is also important to us so, we are in the process of reviewing it. Right now it does not seem that off sentiments seem larger concern then it being off.

**Ravi Purohit:**

Okay. And a couple of other questions, one is on this Chennai project which you are saying you most likely will launch this quarter, Chennai in the last two years - three years have been in a market where launches have dropped quite substantially and this is of course senior living and there is always a very strong demand for senior living in that market. So what kind of sense have you been getting in the last few months that you must be working on that geography in terms of what kind of expectations you have, what kind of pricing points are we kind of launching these projects at and whether those pricing points are like at premium. What is going on in that market or can you just throw some light on the Chennai market.

**Varun Gupta:**

Again price back it should be typically in about the 30 lakh category about Rs. 3,200 - Rs.3,300 a square feet. We expect senior leaving to do well in Chennai overall but we expect the launch to be a little slow because we do not have a brand presence there. So even though there is senior living demand that there is as we go through the process of building marketing sales and getting our name out there and building local relationships and therefore word of mouth propagation of the brand. I think that will take some time. So till then I expect the launch to be a little slow but that is how most probably all new market should be.

**Ravi Purohit:**

Okay. What role is your JV partner playing because he already has a project there, right?

**Varun Gupta:** He is and having a JV partner in the form of Arihant has definitely been a very positive booster for us in terms of getting the project off the ground in the first place in getting approvals. Second, they have a very well-known established brand in real estate in general in the city and which is helping us get customer at launch we would expect. So those things are definitely helping out but that said for the product to senior living we are not well-known enough yet so which will take time because we have differentiated product.

**Ravi Purohit:** Okay. Third, question was just wanted to understand at the beginning of the year we had a certain delivery target for the year and the first nine months I think deliveries are significant short of what we should have delivered and I think you have mentioned in the presentation that we are at looking 1.1 million square foot in the last quarter so, two-part question: one is how confident are we that we will definitely make that 1.1 million? And b) how much of the delays in handing over was internal and how much of it is external and if you could just throw some light on that.

**Varun Gupta:** Okay. So most of the handing over delay has been internal, primarily due to what we have started as a theme within the company called delivering operationally ready buildings where the level of completeness of the project specifically in Phase-I of projects we have really upped that at the time of delivery so which has laid to lump sum slippages but we were comfortable having two months - three months slippages with better customer satisfaction with the product itself and when they come to live there. So keeping that in mind I think there has been internal delay's in handing over so a lot of the Q3 has slipped to Q4, I think we are very confident of getting the 1.1 million square feet most of it is already sort of started in the January February period as we said, so do not see a 1.1 million square feet really getting missed. There might be actually some upside risk to it because there are some delivery stand in March which we have factored in might slip so which might be touch and go so they come this might rev up a little further.

**Ravi Purohit:** My question was so which basically means that next year also we are looking at similar delivery there is about square foot which is what we would have sold about three years so, just taking that 26 months, 28 months - 30 months' cycle.

**Varun Gupta:** Yes, we do not have a specific number in mind.

**Varun Gupta:** Yeah, it will get firmed up in the next couple of months but my guess would be 2 million square feet as well we will have finer estimates by the next call.

**Ravi Purohit:** Okay. Two more questions, one was few years back I think you had kind of envisioned target for our company let us say hitting let us say 10 million square foot by 2020, I think if am getting the number right. How do you look at that vision and how realistic are those own where we are today?



- Varun Gupta:** Okay. So we were looking at about 10 million square feet by 2025 and a short-term number was what we were really working progressing towards in the short-term was about 4 million square feet in about four years to five years. Right now, we are still working on that with a four years to five years view I think it is still definitely possible the markets are in a very cyclical downturn so it will be hard to comment as to when they will turn and when things will start improving further but I think that is the number that the management will still work with and put our energies behind as to how do we get to that number and will be dependent on how the markets progress but I think that is the basic thought process that we will we still have.
- Ravi Purohit:** Okay. Just one small feedback from my side in the sense of over the years I think we had set our bar on presentation the quarterly presentation and the kind of information that we share with our shareholders it was really high but in the last kind of one year or two years, I think there have been more and more informative data that some of the other real estate companies are providing which we have found as shareholders and investors to be useful and may be Ashiana can think along those lines in terms of sharing those kind of numbers things like break-up of let us say this quarter we had 2.6 lakhs square foot, I do not really know which project contributed how much, there is a pie chart in the presentation which give you some percentage but it is kind of rough idea but if we have like a break-up of which project contributed how much that will be useful and I think there are few points, I can probably send you a few presentations may you can just take a look.
- Varun Gupta:** Please do so we will endeavor to improve our disclosure standards. Thank you for telling us that Ravi will start working on further improving it.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Gupta for his closing comments. Over to you.
- Varun Gupta:** I thank everyone for joining this call, thank you for your support and patient during the trouble times. We have a lot of information updated on our website and we will continue to work towards providing more and more information to the shareholders. Look forward to seeing you on the next quarterly call. Thank you everyone.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Ashiana Housing Limited, that concludes today's conference call. Thank you for joining us. You may now disconnect your lines.