



“Ashiana Housing Limited Q1 FY21 Earnings Conference Call”

August 12, 2020



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MODERATORS: MR. GAURAV SOOD – KANAV CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to Ashiana Housing Limited Q1 FY21 Earnings Conference Call. As a reminder, all participant lines will be in 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 this conference is being recorded. I now hand the conference over to Mr. Gaurav Sood from Kanav Capital. Thank you and over to you sir.

Gaurav Sood: Thank you. Welcome everyone and thanks for joining this Q1 FY21 earnings call for Ashiana Housing Limited. I hope all of you are keeping well in this stressful time and staying safe. The results and investor update have been mailed to you and it is also available on the stock exchange. In case anyone does not have a copy of the press release, please do write to us. 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 up with the 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 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 reports 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: Thank you Gaurav. Good afternoon, everyone. Thank you for joining us to discuss performance of the first quarter FY21 of Ashiana Housing. I extend a warm welcome to all of you.

Area booked recorded Q1FY21 was 0.81 lakhs square foot as compared to 3.5 lakhs square foot in Q1FY20. The sales were at 4.14 lakhs square foot in the previous quarter. The fall in booking in comparison to the previous quarter was largely attributable to the lockdown implemented due to the spread of COVID-19 pandemic. As discussed in the last quarter update, we were expecting approx. 50 to 55 cancellations in Ashiana Amantran from initial bookings we had received till last quarter. Documentation regarding cancellation of 41 units i.e around 0.72 lakhs square foot in Ashiana Amantran is pending completion in the system and those cancellations will be recorded in second quarter of FY21.

Bookings have further recovered from July 2020 onwards and we expect second quarter to be substantially better than the first quarter. We handed over 0.85 lakhs square foot in Q1FY21 out of which, 0.03 lakhs square feet was delivered in partnerships. This was against a delivery of 1.55 lakhs square feet in Q1 of FY20. Revenue recognized from completed projects was Rs. 25.19 crores versus Rs. 50.46 crores in Q1FY20. Revenue recognized from completed projects was Rs. 80.37 crores in Q4FY20. Total comprehensive income i.e. TCI, was negative at 2.30 crores vis-à-vis positive 8.63 crores in Q4FY20.

Pretax operating cash flows were positive at 10.56 crores versus positive Rs. 5.14 crores in the previous quarter. Equivalent area constructed was 1.21 lakhs square foot versus 3.27 lakhs square feet in the previous quarter and was 2.14 lakhs square feet in Q1FY20.

The construction has hampered in Q1FY21 due to lockdown and this might push the delivery dates of our projects, but we intend to ramp up construction in the months to come.

On this note, I would like to conclude my remarks here. We will now be happy to discuss any questions or suggestions that you may have.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Darshan Shah from White Equity. Please go ahead.

Darshan Shah: My question is linked to maintenance segment for FY20. We have seen decline in gross margin in maintenance segment to 22% in FY20. Is there any one-off in that?

Varun Gupta: Darshan, maintenance segment continues on a net basis, I do not think we will generally be profitable in the maintenance segment overall. On a net profit basis, we end up being no profit, no loss in a general environment or very slim profits and I think that will continue. Some decline in the gross profit last year were due to one-off items that happened last year and we can give more detail later on if you write to us and give more color on the one-off items that happened last year. Vikash ji, would you want to elaborate a little bit right now, some of the one-off items that we had in FY2020 in Maintenance?

Vikash Dugar: So on a rotational basis, in some of the older projects we do carry out certain activities like painting and certain civil work over a period of time as and when the projects get old and the expenses regarding that get booked. So as and when during the period, there is a significant impact of these, there might be an impact on the margins. And since it is a relatively smaller size balance sheet, smaller size entity, the impact can be significant at times. So that is what the reason could be.

Darshan Shah: And my next question is on receivables. So around 50% of receivables are outstanding for more than 6 months, it was a similar case even in last year. So can you just throw some light on that?

Varun Gupta: Again, the receivables pertaining to the maintenance segment, particularly there are receivables which will pertain...

Darshan Shah: Sorry to interrupt. It is not pertaining to maintenance; it is overall receivables.

Varun Gupta: So overall receivables, Darshan, some of them I would not be able to add color as to what has been the movement, but receivables do keep moving between 6 months and some of them move upwards and some receivables get into 6 months. Receivables more than 6 months pertain to two kind of receivables with the company in general. One is in the maintenance segment and that

particularly pertains to not staying, not paying customers. Flats have been handed over to them, but they have not occupied and since they have not occupied, they do not pay maintenance for a bit and recovery takes usually longer than if you take from a customer who is occupying the unit. And the second part of more than 6 months receivables, pertain to customers are generally people in their last, let us say 4%, 5%, 10% of a flat where we have issued possession letters to customers and they have not taken handing over of the flat. That is the other thing pertains to and that again changes time to time. I do not have specific color or there is nothing that as a management we are alarmed about.

Vikash Dugar: And the spread also is across couple of projects. It is spread across number of projects out there in particular location or any particular project where that concern is there. So more in the normal course which will gradually get recovered.

Moderator: Thank you sir. We have next question from the line of V. P. Rajesh from Banyan Capital. Please go ahead.

V. P. Rajesh: So Varun, my question was about this footnote of 71,566 sft. So one should expect that this will show up in Q2 as the cancellations, is that the right way to think about it? Is it correct that is the right way to think about it?

Varun Gupta: VP, we had given an estimate that we were expecting cancellations in Ashiana Amantran when we did the annual call because that project had just concluded launch before lockdown and some of the units were concluded for sale during the lockdown. And then we started seeing that some of those bookings will cancel as expected and those expectations have come around, but paperwork, we do not record cancellations, still certain paperwork is completed in real estate. We do not record bookings also; still certain amount of paperwork is completed. So that paperwork got into July, so we just thought that we will clarify on that.

V. P. Rajesh: I remember you mentioning it on the last call. So what is the trend you are seeing now? Are those units getting picked up by buyers?

Varun Gupta: In Ashiana Amantran, new bookings have been good. July was a good month. August continues to be a good month. Not just Ashiana Amantran but last quarter we had seen bookings across projects albeit slow. July has been a good month across the board, and we are seeing overall traction in sales is generally good in second quarter.

V. P. Rajesh: What happened in THR this particular quarter? Are we done in that project?

Varun Gupta: We have still a few units left. Again, THR has very large units and we were able to transact 2 units there. Again, it will keep coming like this and it was one person who took up 2 units, but very limited inventory left there now. I think we have about 7 odd units left in that project.

V. P. Rajesh: My question is what is the prognosis on Ashiana Town?

- Varun Gupta:** Ashiana Town, again July has been good. August continues to be good. I think this year, we will have an overall better year in Town than last year.
- Moderator:** Thank you, sir. We have next question from the line of Manasvi Shah from ICICI Prudential AMC. Please go ahead.
- Manasvi Shah:** So sir, my question was on the cash flows in particular. Do you expect that this run rate continues because while the collections are very healthy, obviously there is not much construction which has happened this quarter? So what is the outlook on both collections and constructions in the coming quarter?
- Varun Gupta:** In the coming quarter, construction and collections, both are expected to ramp up, Manasvi. So construction has ramped up. Collection also ramped up in July, but the ramp up in construction in July was more than collection. So July was not as good. We expect August and September to again throw positive cash flows and we expect the cash situation in the company to improve overall. If not second quarter, third quarter definitely because most of the cash flows for the customers for us is locked in from previous year sale. And as I said except for Ashiana Amantran, there have not been cancellations much anywhere and Amantran was also expected because it was in the launch Phase-and now we are seeing bookings there again. I am overall optimistic on the cash flow front.
- Manasvi Shah:** And also given that bookings are now improving in July and even in August, are you looking to launch any new phases?
- Varun Gupta:** I could not hear you clearly, but what I understand was if you ask are we planning to launch any more phases during the year, yes, we are launching. We are already in the process of launching Vrinda Gardens Phase-5 and in Ashiana Nirmay Phase-III, we are 2 blocks and even though we are constructing both, we had only launched one block for sale earlier and the second block for sale is also getting launched in this quarter and we have more phases in other projects plan for launch in the second half of the year as well.
- Manasvi Shah:** In terms of lakh or million square feet, could you give probable number?
- Varun Gupta:** For sales, for launches?
- Manasvi Shah:** For the launches.
- Varun Gupta:** I think we should launch about a million square foot for sales this year.
- Moderator:** Thank you. We have next question from the line of Vivek Joshi, Investor. Please go ahead.
- Vivek Joshi:** I just had a question that in this 3 months, did you have any significant people who are due to pay for construction and stuff like that and they did not pay or was that like not significant?

Varun Gupta: No, there were collections concerns in the first quarter. A lot of that also had to do with procedural issues at banks in the home loan processing, visiting projects, confirm construction happened and processing files and paperwork and in some cities, lockdown being announced by state governments and that also delayed certain things. So there has been a slight bit of concern. Let me put it this way. We are seeing a little bit delay in payments, but we are not concerned about credit of the payments and whether the payments will be received as of now in general, that is the general sense. August is an important month where things need to get resolved and we are closely tracking how things go and most of our collections for any month is anyways back-ended to the second half of the month. We will get more color as we go along, but things are far more normal than the caution and concern that we probably had, let us say, at the beginning of the year.

Moderator: Thank you, sir. We have next question from the line of Harsh Beria, Individual Investor. Please go ahead.

Harsh Beria: I have 2 questions. The first one is about EMI schemes. Has the company launched any new EMI scheme like Godrej recently launched 10:90 EMI scheme.

Varun Gupta: So there are 2 kinds of different schemes. One, Godrej has launched a 10:90 scheme, but it is not an EMI scheme where you pay effectively 10% now and 90% later. We have not done a 10:90 scheme or any scheme of that sort. We always had some EMI sharing scheme which we continue to do where we pay EMIs on behalf of the buyer for a certain timeframe or a portion of the EMI for a certain timeframe which continue. They are not necessarily any new schemes, let me put this way. We have not done anything new and we typically do not like to delay our cash flows. I would rather have the cash flows early and gave a discount to the customer for getting earlier payment than he would have usually paid. That is a typical view to have. We are not very comfortable launching schemes of the nature of 10% now and 90% at possession.

Harsh Beria: My next question is about the senior living housing project that you had announced like you are looking for something in Chennai. Did you finalize something in Chennai?

Varun Gupta: No, we have not been able to conclude on senior living transaction in the last 3-4 months. We continue to be scouting. Right now, we are in talks for a lot, but we have not been able to conclude anything.

Moderator: Thank you. We have next question from the line of Priyank Sanghvi from 5Y. Please go ahead.

Priyank Sanghvi: Can you tell what is the current rental yield in the Bhiwadi area and the decrease in interest rates and that difference to the rental yield and the post-tax housing loan rate, that decrease, does that move any balance and help us in moving some customers from rent to buy as you said something in the last call?

Varun Gupta: Priyank, yes, so the rental yields in Bhiwadi and/or most places where we would be approximately 3%, 50 bps lower, 50 bps more, but in general, it will hover around 3% rental

yield in most of our projects. And yes, the overall compression in interest rate I think is absolutely making a difference and it should continue according to me, therefore July was a good month and the question we have is whether it was a pent up demand in the month for the last 4 months which has come into a month in general or is it more to do with the fact that with compression in interest rates, properties which just become a lot more affordable and more attractive also as a place to put money in. We would know over a period of time, but my sense right now is that the compression in interest rates and the tendency to buy over rent, it is tilting more and more consumers in that favor that rather buy than rent.

Priyank Sanghvi: Yes, it will take time for the idea to spread around the compression and what is the rental yield in Jaipur?

Varun Gupta: Again similar, Priyank, about 3%, 50 bps here or there.

Priyank Sanghvi: My last question is about how is the economic activity in the Bhiwadi and Jaipur area?

Varun Gupta: Again, our also information is very sort of colored and comes in a little bit from the media, some of the things that we see, very little data to support it as compared to others. But our first sense is that it is coming back to normal in most sectors. In Jaipur where tourism forms a large part of the economy, that remains a concern. Fortunately, most of the tourist season is in the winter of the year and we will get a little bit more deeper sense as to what is the impact over there. But the tourism sector there and the jewelry sector also which is a large driver of that economy there are constrained, but outside of that, economic activity in terms of trade, in terms of industry, in terms of little bit of IT that there is, seems overall okay and also Bhiwadi again, with automobile industry coming back to life in July as Bhiwadi manufacturing is very heavily dependent on, things seem to be coming back to normal over there as well.

Moderator: Thank you. We have next question from the line of Abhishek Shah from Valcore Capital. Please go ahead.

Abhishek Shah: My question is actually on the sales strategy. It is more of a broader question to understand how we think, a strategy of not involving real estate agents and having an inhouse sales team. I am just trying to understand your thoughts on that. And second is, adding on to this question is how do we create brand visibility because for other real estate developers, we generally have these real estate agents who sort of get volumes and create that brand visibility.

Varun Gupta: First, a choice of selling directly came in more as a compulsion and less out of choice. Like we started much early in Bhiwadi and there were no real estate agents in Bhiwadi or in around NCR. It was not really worthwhile for an agent, let us say, in Gurgaon to sell Bhiwadi at that point of time because the time, effort and his cost and the remuneration he would have got in Bhiwadi was not just making sense. So the first reason we took up direct sales was more out of default and market situation rather by choice. But as we evolved, we became more and more capable and selling directly, generating leads directly, generating leads through referrals and word of mouth and online and digital marketing. And therefore, it worked for us and we kept at it and

we also were able to control the information going to the consumer far better and more significantly. That said, we have started experimenting working with channel partners in real estate agents. The first experiment is going on in Gurgaon at this point of time where we have started engaging with channel partners over the last 6 months. Once we learn how to engage with them, then we might want to use them. But even in Gurgaon, engaging with channel partners, they are more, let us say, as partners who are generating leads and are also working with clients, but a large part of the sales process is controlled and conducted by an inhouse team of Ashiana which is trained, which understands Ashiana's projects, thought processes, what the brand stands for, what we want to do and is working with the channel partners at large and creating sort of a more collaborative thinking than sort of a substitution thinking. So that is the strategy we have evolved and learned and seen other developers do that successfully. So we are experimenting with that and let us see how that goes before we take that to other places.

Abhishek Shah: So basically even in the long run, you would expect till major chunk of our revenues still coming from our inhouse team rather than outside partners?

Varun Gupta: Yes, because a large part of our sales continues to be driven by referrals and word of mouth and sort of relationships that we have with our existing customers who then refer to friends and families and then through that sale process. That remains a very large part of our DNA.

Abhishek Shah: The only reason I was asking you this was that generally in downtimes like these or maybe what we have been having in the last 3 years is generally was agents who could do that push marketing for us, so that is where I was coming from or are we having any other alternative inhouse strategy where we could do that push .

Varun Gupta: Last year was a great year in sales for us. We struggled for 3 years before that, and we got good sales last year without any real channel partner support. So, I do not think that necessarily the even channel partners who are able to sell, they are able to sell established brands in micro market. I think that in that situation also, our ability to build brand based on a product and service and quality and differentiation of a product there and services is going to be important for even channel partners to be able to sell assets. I do not think the push of the channel partners is as critical as it is and also from a longer term perspective, I also would like to, when we are looking with channel partners, one clear thing is that if we want the channel partners for us to be successful, we have to build a brand which is easier for channel partners to sell. I think that is where our key would be, and we are working on that in Gurgaon and let us see how that goes and then we will take it from there.

Moderator: Thank you, sir. We have next question from the line of Himanshu Upadhyay from PGIM India. Please go ahead.

Himanshu Upadhyay: I had one question on portfolio augmentation and how is it looking, means, new deals and how much time will it take further and last time when we were talking, you stated that there are deals where prices are down, but we are thinking and looking at it. Do you think, waiting from here

on always makes sense, means much better deals may come up and hence we would like to wait from here on also or what is your thought process right now and how are you looking at things?

Varun Gupta:

Sure Himanshu. Two-three things on that. One, our project in Pune now seems to be clearing a hurdle which was critical. There we had a land there which was pending zone conversion. So there zone conversion orders have come in, but a larger play of building plan approvals and environmental clearances remain there. But I would say those are smaller hurdles to cross than zone conversion. Zone conversion was a much bigger hurdle to cross which took a lot of time for us after even doing a MoU. So, a) in that portfolio I am hoping that, that project will be now definitely up for launch in the next 12-15 months and we are more clearly seeing a light there in going forward. So that was one part of portfolio from an operating perspective which was important to us and was testing our patience also a little bit if that is the way to put it. And on the other transactions that we are evaluating and looking at, I think a larger part of our caution was coming less from whether we get a better deal tomorrow more, it was more to do with worry in terms of how certain our cash flows looking at the future that we take our transaction today and then it becomes a problem because we are stuck in future cash flows from our end. On that front, over the last four months we have got a lot more certainty. So that has been one good thing. Second bit has been, for certain transactions we need equity financing at the project level and so there were financial partners also we were talking to as to their view in the market and people had become a little bit more cautious if that is the way to put it. I think those hurdles are clearing up and we should start looking to put things together on that side of things. Overall, so we are not going to wait for transactions to become nicer and sweeter as we go forward. I think we are going to see that a) is our cash flows looking good? and b) does this really makes sense fundamentally to us in terms of, after our estimate of a reasonable sales price to sell at where we think the market can absorb it and the cost that it would take to build, is there enough margin left on it that it makes a fundamental sense of a base case return scenario? If that does, we will go ahead with the transaction instead of saying I am getting this for Rs. 100 today and might get this for 80 tomorrow, let us wait. I don't think we will go into that bottom price. That is not going to be our attitude.

Himanshu Upadhyay:

And just on this bit only. See, one of the thing is, the yields price have been more stagnant in many micro markets, but the sales velocities have dropped out. In this environment when you are purchasing land, how are you planning? So earlier when we used to hear from most real estate players it was like, take a current selling price and do 3 year or 5 year, we will be able to sell it out and what type of IRR if I buy at this price was the phenomenon. So, what would be your basic assumptions of both sales price and again how much can you sell would be dependent on how large land area you get there?

Varun Gupta:

Himanshu, let me put it this way. Those are the assumptions we have to make when we buy a project any point of time. Sometimes you got those assumptions right, sometimes you got those assumptions wrong. But the fundamental thing is at the end of the day you are estimating whether these volumes of units can you sell at a particular price in a given market environment. Different micro markets are in different micro market environments, but as I said, last year we were able

to sell well, particularly in new launches because, I have a belief that there is a combination of 4 things that have to work; product, price, location and developer. When this combination is right for any particular land or project in a particular market context, things will work in any market, but it has to be right for that context and we got those right in projects which we launched last year and therefore success. So, any new projects that we are looking at, we have to get this right given our context of a developer. Any market have the right product at the right price in the right location and that will differ market to market and those assumptions we will get right sometimes, we will get wrong sometimes and the hope is that we will get them right 80% of the time and then we are more or less okay. But that is where we are. I would like to share that as a management, our assumptions are generally and reasonably conservative, that is again a very subjective view.

Himanshu Upadhyay: Perfectly fine. But just would you be, still the assumptions majorly for you would be at the constant selling price or the current market price would be the basic assumption with which you would be working?

Varun Gupta: Market price is for a product. So I might go with a view that I will change the product. So for me, per square foot price might remain the same, but my ticket size might reduce, or I might have a view that I will keep the ticket size the same and reduce the per square foot price and give a bigger flat. There could be combinations of those thinking. So as I said, we have to get the right price, product, location, developer combination in a particular market context. And in Jaipur, let us say the example that is there, we launched two projects, one was Ashiana Daksh and other Ashiana Amantran. In Ashiana Amantran, we launched bigger flats at a higher per square foot price and we have sold well there as well but it was in a particular location with a particular context. Ashiana Daksh was a lower per square foot price with a smaller size and we sold well there as well, again in a particular context. That project sold better than Ashiana Amantran, but I am okay with both. I am not looking for having a superlative launch. I am okay with having a basic threshold of launch when we go in and selling the rest over the period of the project. And that I am perfectly okay with what happened. So again these thinking, let me put it this way, I can't give a straight jacketed thinking if this is the only way we are thinking. But the context I am giving you, and we will make assumptions in that context.

Himanshu Upadhyay: Thanks for the explanation. One last question, on this we are seeing a number of stops and starts. How are they impacted during our projects and do you think the cash flows, or the receivables would remain constrained even Q2-Q3 because of lesser work done means lesser amount of bills you can raise to get?

Varun Gupta: You are talking about the lockdown related stops and starts?

Himanshu Upadhyay: Yes.

Varun Gupta: Fortunately, Rajasthan has not had a second lockdown.

Himanshu Upadhyay: Jamshedpur?

Varun Gupta: So there, Jamshedpur has had second lockdown, but now they have allowed mostly in-situ construction and our construction continues to be more or less at pace. We have been able to resolve it. Chennai also, we have been able to resolve it, again mostly in-situ construction. Right now, again unless and until, a longish, largish lockdown comes in place, I don't see a challenge and my personal view has become that another serious problematic lockdown is not really in the offering within the states that we are working, wherever I have context I don't think that is going to happen to a larger degree, from just an economic compulsion perspective, that is my view. But if they happen, I don't know what happens. Right now, I don't see a problem in construction in any of our sites at this moment.

Moderator: Thank you. We have next question from the line of Rohan Advant from Multi-Act. Please go ahead.

Rohan Advant: Most of my questions have been answered. I just wanted to check if you foresee any demand traction owing to COVID, like say work from home option makes Bhiwadi a better market than before for someone living in Gurgaon or is that true for any other market that we cater to, that was my first question. Secondly, when you said that you will launch a million square feet this year, does that include anything from Kolkata and Pune? Yes, those were the two questions. Thank you.

Varun Gupta: I will take the second question first. The million square foot will not include anything from Kolkata and Pune. We are basically looking to launch Vrinda Garden Phase-V, another building in Ashiana Nirmay, a Phase in Ashiana Shubham at Chennai, a Phase in Ashiana Daksh and a Phase in Ashiana Umang extension and I gave an estimate of a million, so it might be a little lesser than that, maybe 7,50,000 to a million foot somewhere, between those two, and this does not include Kolkata and Pune which will be on top of this number. I think there COVID has definitely led to a certain delay and I said now Pune we are looking at 12 to 15 months from now. Kolkata, I can't give an estimate on because there again the government offices have really not been moving anything because of COVID at this moment and so there is no movement in Kolkata. So that is the answer to the second question.

On the first question of demand changes, again it is difficult to pinpoint what is demand really being driven by. It could be lower interest rates, it could be pent up demand, it could be COVID induced work from home and locations becoming lesser importance in terms of the distance from the workplace. I am not sure exactly what is happening on that front, but as I said July was good and Bhiwadi also did well overall in that context. The only other thing that I heard and which again is difficult to substantiate, but we are seeing some sort of demand particularly in Jaipur whereby people whose parents were living in independent homes in Jaipur and the children who are working let us say in Mumbai or Delhi or Gurgaon or Bangalore and suddenly because of COVID, they have started thinking that their parents should live probably a gated community which is more secure where daily needs are easily taken care of and they have some sort of community support. That was an indication that I think that is also happening because of COVID. But again very thin data points to see but I see COVID catalyzing home demand for

the kind of development that we do and in the kind of locations that we do, we expect COVID and lockdown to induce long-term positive demand for this, but again very little data as of now to substantiate.

Moderator: Thank you. We have next question from the line of Arpit Ranka from Kovil Investments. Please go ahead.

Arpit Ranka: I have couple of questions. Firstly, so in US you have particularly say higher instances of infection in senior living or senior care homes. In India in the projects that we have, let us say Chennai or some places, did you see any relatively higher infections?

Varun Gupta: No, we haven't seen instances of higher infection, Arpit.

Arpit Ranka: It is good to hear because in a very nascent stage of developing this concept, so you don't want to assume, so I just wanted to clarify that.

Varun Gupta: I would also give one context of that Arpit, just clarify that in the US where you are seeing more instances or abroad, that is just not US, but abroad where you are seeing more instances in senior care facilities of more COVID, there seem to be more in what you would call it assisted care center where people are generally a) older, b) live in communities which are more integrated in the sense that they are not independent homes, you have sort of a room to yourself and share a common area. They are not separate apartments that way. The ones which are more separate apartments and the other younger community are more independent senior living communities. So, our senior living communities are more independent senior living communities. We have a very small fraction of our total population which is in assisted care in Ashiana. I think that also makes a difference as to the spread of infections.

Arpit Ranka: Yes, actually I have visited some of them and you generally end up running into very active people there. So I just want to clarify given that we would not get to know the situation as it is today. So it is good that you clarified. And the second question is a combination of two. You said in last two months that you have seen sales velocity going up. Had it come at the sacrifice of realizations or do you think we have probably been able to maintain the realizations?

Varun Gupta: No, we have been able to maintain realizations. There has been no additional discounting.

Arpit Ranka: No discounting or nothing.

Varun Gupta: Nothing that is any significantly different.

Arpit Ranka: That is okay, great. So on the sales velocity, so this is more I presume wherein, so let us say unemployment is on the rise and there is uncertainty around wages or wage hikes or something. So today you may have moratorium but let us say by December moratorium is no more an option and existing units or unit owners put up some of these units for resale. Do you think that may

kind of, is it something that bothers you, not necessarily in terms of volumes but in terms of say these distress sales creating pressure on pricing or stuff like that?

Varun Gupta:

That problem of distress sale creating a problem has already been happening in Bhiwadi. And that has been one of the reasons for sluggish sales in Ashiana Town and we had to factor in a price discount and therefore Ashiana Town sales realizations have compressed over the last 3-4 years. So, nothing very significant in the last 3-4 months, but it did compress earlier and that was a problem. In case we see resale units coming up because of stress, it would create a concern depending on the number of units such come on board. Right now, so overall the situation on ground does not seem as grim as it is. So in Jaipur, let us say we were doing the Vrinda Gardens Phase-launch and we have this target of corporate that we want to hit where we have existing customers where we can get references and therefore we can get bookings, they are either people owning properties with us, living on rent or both and we had a list of 20 sort of companies that we should look at. And of these 20 companies, only 2 companies had either a salary cut or layoff, 18 companies had no salary cuts, no layoffs. They may not have increased pay, but there is no salary cuts and no layoffs. Both these companies which were there were both hospitality company and hotels you naturally understood, so I think overall, more the information I get from ground, the challenge is lesser than what we think it is. That is my overall particular view.

Arpit Ranka:

No, that certainly helped and just one final question on, so let us say January 2020, right and it is more qualitative side to it than just quantitative. 2025, you had a certain aspiration or a vision for the company and now you had a good, let us say 5-6 months to process this event which is huge in what it can imply, how is that vision changed for you let us say 2025, what qualitatively has changed for you or even quantitatively we want you kind of put numbers to it, broadly want to get a glimpse into how you are thinking about it?

Varun Gupta:

See quantitative change is, we were hit over a difficult time, anyways 3-4 years, then we got a good 12 months run and then this came in. So let me put this way, quantitatively we have stopped thinking so much about the vision in a quantitative basis in general with COVID or without COVID. On a qualitative basis, I think our purpose of creating lifestyle and communities which are vibrant where we are able to deeply impact people's lives positively by impacting how they live, how they form relationships, how they grow up, how they live their day-to-day life, how their family interactions are, what are the sense like, what kind of things do they celebrate and all that we think we can do as a home builder. I think that aspiration and vision continue that we want to positively impact lives of people in a way they didn't expect that we could also, and that purpose continues. COVID has actually just embolden that thought as one of our anti-real estate views or anti-common consensus views has been that the product is more important than the location at real estate and people are willing to pay for lifestyle and community that one builds, even though they are further away. I think COVID will just probably enhance that perspective that I would rather live in a better community even which 10 kilometers further away and work from home probably will create a catalyst for that also if, I don't think a 6-day work from home will continue or a 5-day, but a situation where people will work 2 to 3 days a week from home and come to office 2 to 3 days a week is something that can become permanent in nature for a

large part of the working community and there I think COVID will probably enhance the value for our projects and we want to continue to live that purpose of creating a great lifestyle to people.

Moderator: Thank you. We have next question from the line of Ruchak Mehta from Sanyam Capital. Please go ahead.

Ruchak Mehta: My question is more regarding the future projects and the land available for future development to be specific what we have shared in slide numbers 24 and 25 of the presentation. So if I look at it, they look largely skewed towards Bhiwadi, even the land which is available as well as the future projects in a percentage terms if I was to look at it, so is that something as per plan because if you look at the last few quarters or even couple years, we have been finding good response from other markets like Jaipur especially or other places, so just wanted to understand is that something that we would like to correct as a balance or this is something as per plan that we are going ahead with?

Varun Gupta: We would like to correct that because if you see most of the Bhiwadi land came in or all of it came in pre-December 2013 and we have not deployed any additional capital in Bhiwadi since then and we don't plan to deploy any further land there, but the correction of this will be dependent on the pace at which Bhiwadi sells and consumes this. So therefore this sort of skew will continue for a bit according to me as it corrects over a period of time.

Ruchak Mehta: But do you foresee that could kind of restrict our ability to grow in other markets what otherwise we could have done?

Varun Gupta: It has already restricted some of our growth by capital being allocated in one place and not sort of creating desired return and it does create a track on the balance sheet and it is what it is, but it is correct. If there is, to me in Bhiwadi there is no other way to monetize this other than that sell it over a period of time and sales fortunately has been improving and we are getting a lot of our capital out and I would say it is 3- to 4-year process where capital gets freed up here and gets deployed elsewhere in growth sort of coming back on track in a way that we would like and that process sort of continues. We have been working at it, we have been going through DPRs; what is the kind of capital we need and the locations to grow, what we want to get back to return on average net worth in the teens and to get to how we need to allocate capital that has been going on and our balance sheet moving away from Bhiwadi is important in that role to play. We see that, but I think the future looks a lot brighter today than it looked 3 years ago.

Moderator: Thank you, sir. We have next question from the line of Raj Shekhar, Investor. Please go ahead.

Raj Shekhar: I think my questions are already answered. I think I was also very keen to understand about Bhiwadi game plan because certainly majority stock is there but you have already answered that. Thank you very much for that.

- Moderator:** Thank you, sir. We have next question from the line of Avadhut Joshi from New Berry Capitals. Please go ahead.
- Avadhut Joshi:** Sir, I just want to know about the new projects which will be handing over in Q4 FY21 Shubham and Q1 FY22 Vrinda Garden Phase-3B, this expected completion time, are we on the track or will there be any delay in these projects?
- Varun Gupta:** Vrinda Garden Phase-3B, in terms of completion?
- Avadhut Joshi:** Yes.
- Varun Gupta:** We are far ahead of schedule. Vrinda Garden Phase-3B, we hope to hand over in the next month or two, the building is completely ready, we had applied for OC. So most of the data that we give here is as per RERA and we are generally far ahead of schedule on that. Ashiana Shubham Phase-2 is also in the process of handing over. So we are handing those both of those projects, we are ahead of schedule and we don't have an issue.
- Avadhut Joshi:** Second thing is, last call you mentioned that sir, we are facing pricing pressure in Bhiwadi and Gurgaon, so I just in continuation to the last question, I hope that we are not going to invest much in Bhiwadi in future, is my understanding correct?
- Varun Gupta:** Yes, so in Bhiwadi we are looking to, as I said the first question, not only not invest in the future, but we are also looking at getting a lot of our capital deployed in Bhiwadi to come out of Bhiwadi. So overall from a capital deployment perspective in Bhiwadi should reduce over a period of time.
- Moderator:** Thank you, sir. We have the last question from the line of V. P. Rajesh from Banyan Capital. Please go ahead.
- V. P. Rajesh:** Sir, just couple of follow up questions. So we have paid the NCDs in the current quarter, the last quarter I guess, what was the thinking behind that especially if we are looking buy more land?
- Varun Gupta:** They were NCDs, the amount for which were due in April of next year, so there was a very short preponement, so to us that saved interest for those 8-9 months without really impacting our perspectives on looking at land because I am looking at land purchase, I am looking at yield longer term financing. So let us say the part of the NCDs which are due in April 21 and April 22 and April 23, I think that is how our NCDs are due, the amount which is due in April 21, we part prepaid those, so that was the whole thinking that we paid off the shorter end of the curve.
- V. P. Rajesh:** And in terms of the land prices, have they corrected pre-COVID further or they are holding stable?
- Varun Gupta:** According to us, COVID has had very little impact on either sales prices or land prices. All it has done is delayed things to a large degree and probably impacted some demand of land right

now from developers whose balance sheets were already stretched, but I do not think those developers were anyways evaluating land parcels. So I don't see COVID having a very dramatic impact on pricing either of residential units or land in any form.

V. P. Rajesh: No, I was just thinking the other way that some of the builders who have stressed balance sheet may be forced into liquidating their land banks and if that plan...

Varun Gupta: They were already doing that, VP, and I don't think there were any changes. If anything, the loan moratorium has helped delay certain things and people have been able to get some time, loans will get restructured also, so it might have the counterintuitive impact that might give breather rooms to some of the stressed balance sheets.

V. P. Rajesh: And in terms of the launches, what are the launches that you have planned for the rest of the year, Q3-Q4, anything?

Varun Gupta: Yes, we are looking to launch, we have launched Vrinda Gardens Phase-5 in this quarter. We have launched a block in Ashiana Niramay Phase-3 which are two blocks, we had not launched one block for sale which is getting launched in 3 days. We will in the second half of the financial year launch another Phase in Ashiana Shubham Phase-4. We look to launch Phase-3 in Ashiana Daksh which is a very smallish Phase-and look to launch a Phase in Ashiana Umang extension, a part of that Phase we have not decided the exact Phase as yet.

V. P. Rajesh: So, what is the roughly square footage of all these launches?

Varun Gupta: I don't have a total in my head right now, but as I said I had given an idea of a million square foot, I think it is anywhere between 7.5 lakh square foot to a million square foot.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Varun Gupta: We would like to thank you all of you being on this call and being patient with all the questions and somewhat long answers of mine. If we were unable to take any queries or if you wanted more information on some of your queries, please feel to write to us directly or reach us out directly. And with that, we would like to conclude the call. Thank you everyone for being here and joining us on this call. Do stay safe, do stay healthy. Thank you everyone.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of Ashiana Housing Limited, that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.