



# “Ashiana Housing Limited Q1 FY19 Earnings Conference Call”

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**MANAGEMENT: MR. VARUN GUPTA – WHOLE TIME DIRECTOR,  
ASHIANA HOUSING LIMITED  
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ASHIANA HOUSING LIMITED**

**Moderator:** Ladies and gentlemen good day and welcome to the Ashiana Housing Limited Q1 FY19 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 entering ‘\*’ then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Sud from Kanav Capital. Thank you and over to you sir.

**Gaurav Sud:** Thanks Melissa. Welcome everyone and thanks for joining this Q1 FY19 Earnings Call for Ashiana Housing Limited. The Results and the Investor Update has been e-mailed to you and is also available at the Stock Exchange website. 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 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 the SEBI and subsequent Annual Reports which you can find on our website. With that said, I will 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 performance of the first quarter FY19 of Ashiana Housing. I extend a warm welcome to all of you.

Sales continued to show improvement wherein we clocked 2.8 lakhs square foot in the first quarter vis-à-vis 2.21 lakhs square foot in the previous quarter. We handed over 4.04 lakh square foot in Quarter 1, out of which 3.83 lakh square foot was delivered in Ashiana Housing and 0.21 lakh square foot was delivered in the partnerships. This was against a delivery of 4.08 lakh square foot in Q4 of FY18.

Revenue recognized from completed projects was Rs. 124.59 crores for Q1 FY19 versus Rs. 62.69 crores in the Quarter 1 FY18. Revenue recognized from completed projects was at Rs 81.69 crores in Q4 FY18. Total comprehensive Income, i.e., is TCI was at Rs. 16.83 crores vis-à-vis Rs. 6.24 crores in Quarter one FY18. Higher deliveries in the present quarter versus the previous quarter led to higher revenue and higher TCI. Pre-operating cash flows were negative at 1.98 crores versus negative 2.23 crores in the previous quarter. Pressure on cash flows due to lower collections resulting from slower sales. Equivalent area constructed lower at 1.63 lakhs square foot versus 1.87 lakhs square foot in the previous quarter and 2.4 lakh square foot in Q1 FY18. Our construction has been generally in line with our commitments.

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. We have the first question from the line of Priyank Sanghavi from 5Y. Please go ahead.
- Priyank Sanghavi:** I had 2 to 3 questions, one is related to bookings in Vrinda Gardens we have some good bookings over there, anything special happened there?
- Varun Gupta:** In Vrinda Gardens we launched Phase 3 B and therefore I think the bookings were high for that quarter. It's driven by basically launch of a new phase.
- Priyank Sanghavi:** How is it going so far in July and August?
- Varun Gupta:** Is going well but it will not give these kinds of bookings. The number of a lakhs square feet of this quarter is obviously at the launch of our booking of a phase, but it seems like Vrinda Gardens is doing all right in this quarter as well.
- Priyank Sanghavi:** Like in line with the previous to previous quarter?
- Varun Gupta:** I wouldn't like to give exact numbers. I will let the quarter pass and then you can have a sense of that but overall things would be good in Vrinda Gardens.
- Priyank Sanghavi:** Would like to comment on the bookings in Nirmay?
- Varun Gupta:** Nirmay again had a phase launch in the previous quarter and some of that bookings carried forward in this quarter as well. So, Nirmay was a little higher. That said, what I would say about Nirmay and Senior Living in general is that the company believes there is a lot of potential in that product and hopefully we will get to see better numbers if not in a quarter or two or like that, but I think we are putting effort to make Senior Living a little larger part of the business.
- Priyank Sanghavi:** For Shubham Chennai probably Q4 FY18 was an exceptional booking period. It should continue, right?
- Varun Gupta:** It was a launch of a new phase over there. So every time we launched a new phase in a project you will see a little bump up in bookings in that quarter. Like this quarter, we plan to launch Ashiana Umang and therefore there should be a bump up in the bookings in this quarter in Ashiana Umang when it gets launched. So launch of the new phase will lead to a little bit of a bump up in bookings.
- Priyank Sanghavi:** Any new campaign on the Kids Centric for Anmol?

- Varun Gupta:** We have launched Kids Centric campaigns in Ashiana Umang and in Ashiana Anmol during end of last quarter basically so mostly this quarter. So it was launched at end of June so the campaign continues in Ashiana Umang and Ashiana Anmol.
- Priyank Sanghavi:** In the last quarter we had an average monthly booking of 8 per month in Town Bhiwadi, how was it this time?
- Varun Gupta:** You mean the June ending quarter?
- Priyank Sanghavi:** Yes right.
- Varun Gupta:** So, in the June ending quarter, we had 30,000 square feet sold in that quarter which is good but not great but right now AshianaTown was good in the last quarter of the last financial year and the first quarter this year has been good. We will have to wait and watch to see if the momentum continues throughout the year.
- Priyank Sanghavi:** Has the same run rate continued in July and August?
- Varun Gupta:** No, in July the run-rate did not continue. But in August, we will get to know closer to the end of the month. So, it is little early to tell how run rate in August is. July wasn't the great month for Ashiana Town.
- Moderator:** We have the next question from the line of Rohit P, an investor. Please go ahead.
- Rohit P:** First I have a small suggestion more than anything. I was brought up in the South and even though I spent the last 6-7 years in the North, I really love the Kids Centric campaign, but I did not understand about Parvarish in the beginning. So, the reason I'm saying this is I understand the company intends to launch the campaign in Chennai as well. While in most of the video the marketing material is in English or Hindi, so I was just wondering if something more Tamil focused or something more region focused is something which you have in mind because I think that might help or might be necessary as well.
- Varun Gupta:** Thank you Rohith for the advice. We will take it. I think our Kids Centric project in the South is little far away. We don't even have a land concluded as of yet but when we will do that we will remember that and probably seek to get some local media agencies to come into the work for us over there who are more comfortable.
- Rohit P:** This year's annual report talked about 5 major focused regions that we have going forward, 5 cities plus towns and I observed that except for probably in Bhiwadi and Jaipur which have been our historically strong markets, we probably do not have land parcels for future in the other 3 which I believe our Gurgaon, Chennai and Pune. So in Pune I believe we have one, do we intend to launch it this year?

**Varun Gupta:** This financial year no, but next financial year yes. So, the project is going through, it has to take zone conversion approvals which the land owner has to get done which is under process. So, once that happens then building plan approvals and environmental clearance approvals will be taken up. So I think it will go to the next year. In Chennai we have an operational project already and we are in active discussions for the land and in Gurgaon in Sohna region we have an active ongoing project and we are in discussions for one more land. So I think the intent is just not land acquisition but to make our projects also do better, both Gurgaon and Chennai, basically the Ashiana Anmol projects and Ashiana Shubham project. We see more potential of sales than we are already doing. So the thrust will also be to get more sales out of the current projects not only just launching new projects. So I think both of them will go sort of hand-in-hand.

**Rohit P:** We continue to remain confident of the Sohna Road Gurgaon market going ahead because I believe the traction even after Kids Centric Homes and we saw a great traction in probably Jaipur and Bhiwadi, but Anmol definitely seem to have generated the interest which I guess the management would have expected.

**Varun Gupta:** Bhiwadi is only where this quarter numbers and the last quarter is showing the Kids Centric campaign impact. In Jaipur in Ashiana Umang and Ashiana Anmol in Gurgaon, the impact of Kids Centric will actually become visible in the next quarter which is the July-August-September quarter. We will see how it goes but our view is we are confident that this will make a difference in terms of sales and the value proposition to the customer. And the company has strong belief in the Gurgaon market and let's say my personal belief stems from a single point view that it is a hub for job creation and as people move in demand for homes will come in. It might be a cyclical situation that it's going through a down-cycle, but it will pick up in the future and it is a large market by the sheer immigration that market sees.

**Rohit P:** Can we have an update on Kolkata as well?

**Varun Gupta:** So in Kolkata, there is progress. We are hopeful that early part of next financial year we can launch the project. Most of you would be aware that Kolkata is a part of a larger Township being developed by Bengal Shriram which is a subsidiary of Shriram Properties. They received their environmental clearances about a month ago and the receipt of their environmental clearance was also holding our building plan approvals because the building plan approval authorities were saying that we will not entertain buildings and approvals till environmental clearances are received and our project is the largest part of that master plan. So, in fact it has also received environmental clearances and now the authorities have accepted our building plans and the scrutiny of the plans is under process. So hopefully we should launch the Kolkata project. Now we are seeing some light at the end of tunnel. That's the correct way to put it.

**Rohit P:** The Ashiana School, I think, the concept is quite interesting. Do you plan to transfer to concept to other locations or was it a one-off at Bhiwadi?

**Varun Gupta:** It is as of now a one-off. We are not looking to get into the education business. The reason we did that was that in Bhiwadi, there were not really good schools but our other regular projects

and the Kids Centric project whether it's Ashiana Umang or Ashiana Anmol in Jaipur and Sohna respectively, they have good schools around. In Bhiwadi, unfortunately, the kind of clientele that was coming and the kind of schools that was available were not matching so we had to come in and fill the gap and therefore we did that. But we have no interest in getting into the education business and building schools and renting them out in the future as a long-term plan.

**Rohit P:** The Kids Centric concept. Do you intend to take it in the current project anywhere else or are we done for now and it might probably be only for the new launches going forward?

**Varun Gupta:** It might be for one more project. We are contemplating one more project in our current portfolio to be Kids Centric but outside of that project no more and Kids Centric Homes then will be future launches after that. And a lot will depend on the success of the three projects that we are doing Kids Centric right now.

**Rohit P:** Going forward for example Bhiwadi has all three offerings that we provide to the customer which is Comfort Homes, Kids Centric and Utsav. Do you see over the medium to long-term a pricing difference between them?

**Varun Gupta:** Yes, we expect Kids Centric Homes and Senior Livings to be priced higher than Comfort Homes. So if you see the Senior Livings piece has always been priced higher now, so the last couple of years we have seen better pricing in Senior Living as compared to Comfort Homes. One of the reasons to come up with Kids Centric Homes is also to provide better pricing proposition than Comfort Homes.

**Rohit P:** And it will be at higher margins as well then or the margins will remain?

**Varun Gupta:** Yes, in terms of per square foot margins, it's definitely higher. In terms of maybe percentage margins on the revenue they might be similar. So top line goes up.

**Moderator:** We have the next question from the line of Nisha Kakran from Unifi Capital. Please go ahead.

**Nisha Kakran:** You were mentioning that we are launching Ashiana Umang in the Q2 so what is the area that we are planning to launch in this quarter in the next phase?

**Varun Gupta:** We are launching the next phase is 192 units large and it should be around 2.56 lakh square feet. It is on slide #23 of the presentation that we have posted.

**Nisha Kakran:** How is the pipeline for H2, second half of the year?

**Varun Gupta:** In what way?

**Nisha Kakran:** The launch pipeline.

- Varun Gupta:** We are working on project launches right now. We are hoping that we will get a couple of projects in Jamshedpur to launch in the second half of this financial year. The two projects in Jamshedpur have received building plan approvals and are pending environmental clearances. So when the environmental clearances is received, our two projects in Jamshedpur are expected to be launched and we might have launches of new phases of couple of existing projects depending on how sales continue for the next 3-4 months.
- Nisha Kakran:** In terms of area, how much are we expecting around, some broad number?
- Varun Gupta:** I don't have the exact number that I would like to give a sense of it.
- Nisha Kakran:** How much of the deliveries do we expect in this year in terms of number of units?
- Varun Gupta:** We don't have that number as of yet with us. We will disclose that after the second quarter because there are some deliveries which might get pushed. We are not certain whether the deliveries will go into the Q4 of this year or the Q1 of the next year and that could have a significant impact on what deliveries do we expect this year. So, we would like to give a better sense at the end of the next quarter. But at this point of time you can take a conservative number of about 7 lakhs square feet which should get delivered in this year including partnership firms and Ashiana Housing Limited both together.
- Nisha Kakran:** The EBITDA margin between Q4 and Q1 is quite different. So, what is the sustainable number which we can take it on an annualized basis?
- Varun Gupta:** We generally refrain from giving a guidance to you. What you should take my suggestion is that you should look at the per square foot margin and less on the EBITDA and the gross profit margin and then look for reduced overheads from it and then bring the model around it. We disclose gross profit margins annually in our annual reports and you can add-up, it's in the MD&A section of the annual reports, its being disclosed for the last three years consistently. You can take that and then estimate what you expect the company to have gross profit margins at and from that build out the EBITDA as to what you expect.
- Nisha Kakran:** We have done the 100 crores of NCD raise in April, but the debt level does not seem to have moved much, so how are we treating these NCDs in the balance sheet?
- Varun Gupta:** The NCDs are treated as borrowings but we had other overdrawn facilities and borrowings from other institutions so the NCDs was utilized to repay those overdrafts. There has been therefore not a change in the borrowings overall.
- Nisha Kakran:** Any highlights on the complete inventory, how do we see it?
- Varun Gupta:** It has reduced. This quarter, it has come down to 830,000 square feet. I believe this inventory had peaked at about 9.37 lakhs square feet earlier March this year and it's been coming down. I wish that I could tell you that it will finish off very soon but there is movement and fortunately

some movement has started in Ashiana Town over the last two quarters and Ashiana Town makes up a very large part of this, more than 50% of that inventory is in one project. So movement in Ashiana Town is going to have a significant impact on this as we go forward and I'm quite hopeful that this inventory should reduce.

**Moderator:** We have the next question from the line of Ravi Purohit from Securities Investment Pvt. Ltd. Please go ahead.

**Ravi Purohit:** Just wanted to get a sense of our demand situation on the ground for Shubham in Chennai and A-Town and Umang so these are the some of the projects where we have seen decent traction in the recent quarters so if you could just share some light there.

**Varun Gupta:** Let me start with Ashiana Town. As I clarified earlier, July wasn't so good but let's see how August and September is to make sure how the quarter pans out. In Ashiana Umang, we are launching a new phase and we expect the demand to be decent in the launch of the new phase and we expect a decent quarter this quarter and our belief is that demand in Umang will be good.

**Ravi Purohit:** Umang we are launching right now?

**Varun Gupta:** Yes in the September ending quarter. Like the RERA approvals of Phase 4 were received at the end of the June and our launch should be in the next week or so for Ashiana Umang. And in Ashiana Shubham in Chennai I clarified earlier as well both Ashiana Nirmay and Ashiana Shubham and Senior Living in general I am quite bullish on going forward. We might have a quarter or two year or there but my view is that Senior Living should see as very high potential and we are looking to put more energy behind as the company and see how it goes. Shubham also, though, July wasn't a very good month but that said, the other indicators outside of bookings tell us things are looking good.

**Ravi Purohit:** Any other new project that we are looking at in Chennai for Senior Living or Comfort Homes. As in, we were discussing earlier that the association that we have got with World Bank entity IFC to deploy this money over the next 24 months so any progress on that if you could throw some light on that.

**Varun Gupta:** We are actively looking for projects in Pune, Chennai and Gurgaon. There is active discussion in all three locations but there is nothing concrete yet to speak about. We had couple of term sheets signed but then the term sheets having materialized into transactions and we have gone back and started looking at transactions again. But we are very actively looking on all those three locations we have lots of active discussions going on.

**Ravi Purohit:** So Q1 we had a new launch in Vrinda, Q2 we have one in Umang, Q3 we have any geography lined up in terms of new launch?

**Varun Gupta:** So Jamshedpur is somewhere we have two projects which are possible to be launched in the second half of the financial year right now because they are so highly dependent on approvals



difficult to say which quarter it will be in. Those projects have received building plan approvals but environmental approvals are pending and therefore there is uncertainty around on the launch of that.

**Ravi Purohit:** Jamshedpur also has a functional RERA authority?

**Varun Gupta:** Yes it does.

**Ravi Purohit:** Once you received the environmental clearances when you will approach the RERA authorities, is it?

**Varun Gupta:** Correct. But RERA is a very quick process, RERA is 15-20 days process.

**Ravi Purohit:** Recently there has been this expansion in the CLSS which the government of India provides in terms of the interest subvention. There is expansion in the square footage. So, do we actually see any benefit because of that or it's nearly on paper that the government keeps coming up and expanding that.

**Varun Gupta:** The benefit of CLSS has been, I would say, negligible, if any, over the last 18 months. It has had very little impact in buying behavior and I don't see very large impact coming from it. I think the larger changes in the market are more driven by changes in the competitive environment with reducing competitive intensity because of the stretched balance sheets of the industry in general and therefore subdued launches, reducing inventory, better traction for organized developers, customer becoming a little more picky of the developer they are working with, all of that is I think more important that's going on in the market. I think for us as an organization the CLSS news came and went by as compared to the CLSS news at the first time when it came in about 18 months ago. The excitement that this might be important for in the buying behavior was there but we don't see any impact of CLSS on the market.

**Ravi Purohit:** So another interesting development that has taken place this AS 115 adoption. Of course we have been following it for like last 5 years, I presume, but we read the quarterly investor update of DLF who seem to have suggested in the presentation that they want to probably start following build first sell later model in the sense you complete the building and then start selling rather than sell first and then concurrently build as historically been. So you have any thoughts that you can share?

**Varun Gupta:** My particular thought is that there is a huge GST benefit in the high land cost environment because your input credit as a proportion of your total revenues is very limited because the construction cost as your proportion of your total revenues is very limited. And the customer financing the construction is also not as much. The projects major capital requirement is in the land's stage which you have already funded. So the economics that DLF is working with and again I'm not following DLF as a stock or any of the other sort of builders as stocks in that but whatever I am seeing of them, because we live in the same city as their core market is, is that DLF is focusing more and more on the upper end of the segment and exiting the low end of the

segment. Therefore, it probably makes more and more sense for them to actually build and sell I think that's also going on over there. But then again I might be wrong. According to us in the middle-income group it is not prudent to build and sell, it is prudent to sell as you build and keep that same model around and we will stick to that same kind of a model that we have done before. Our market research when we have gone and dug deeper in the market we are also seeing no tangible preference for built inventory as compared to under construction inventory which is also sort of visible in the amount of square footage we are selling from our built inventory and it was so preferred that we shouldn't be saddled with that inventory. So our view again I have spoken a little longer than this may be your thought was appropriate but our view is that it is in the middle income segment the model of selling as you build is going to remain and going to be the right model for us.

**Ravi Purohit:** Just one clarification when you mentioned that there is a huge GST benefit so from a layman's understanding point of view what you are saying is today if you have purchased a larger land parcel already, it makes sense for the buyer to wait for the construction to get done and buy a ready product than actually buy while it is being built, is that what you are saying? Because there is no significant input credit that the builder will just be able to pass on.

**Varun Gupta:** No, the thing is the buyer is interested in total cost of the flat, right?

**Ravi Purohit:** Yes.

**Varun Gupta:** So, the way I put it is if its during construction Rs.10,000 plus 12% GST which is Rs.11,200 post completion, the builder will get Rs. 11,200 and will not have to share any GST. And if the thesis is correct there is a risk premium that is there in under construction property so therefore instead of Rs. 10,000 and 11,200 actually the customer is willing to pay 12,000 at possession which might be hypothesis which I am not completely in agreement with. In that case then even a higher sale price the builder will realize correct and a higher margin and at 11,200 what happens is the input tax credit that the builder has to forego is not a very large number because construction cost in the proportion of total cost is very low. We are getting the proportion of input tax credit like a middle-income developer gets as a part of revenues this is far higher so that's where the economics is.

**Ravi Purohit:** As compared to when the significant portion of your cost is actually land cost.

**Varun Gupta:** Yes because there is no input credit tax on land, it's for GST there is no input tax credit being foregone over that so therefore it makes sense at that point of time maybe because at the end of the day we as developers are not in the business of managing accounting profits. When we are managing our returns we are managing cash flows and cash flows are irrelevant as to whether it is the new Ind-AS is being followed or not. The project cash flows would be the same. That's not going to have a bearing.

**Moderator:** We have the next question from the line of Ravi Purohit from Securities Investment Pvt Ltd. Please go ahead.

- Ravi Purohit:** One follow-up question, in the March quarter we had seen some traction in THR the Tree House Residency, some 16,000 square foot was sold, any progress that we made further there?
- Varun Gupta:** No Ravi, unfortunately there is no progress over there.
- Moderator:** We have the next question from the line of Shankar Dutt, an investor. Please go ahead.
- Shankar Dutt:** What is the level of traction in the Senior Living project?
- Varun Gupta:** The Senior Living projects are Ashiana Nirmay, Bhiwadi Ashiana Utsav, Lavasa Pune and Ashiana Shubham Chennai. Individual project actions are in the presentation. I would again repeat we believe that there is going to be improved traction in Senior Living going forward particularly in Chennai and Bhiwadi. Lavasa might have some challenging times particularly this quarter, the July to September quarter in Lavasa is a little challenging because of negative news that has come up in the newspapers. However incorrect the negative news might be but the negative news has had some impact on sales in this quarter led to the cancellations there so if you exclude Utsav Lavasa I would say Ashiana Nirmay Bhiwadi and Ashiana Shubham should continue to do well going forward.
- Shankar Dutt:** What is the status of stalled project in Jamshedpur?
- Varun Gupta:** Which project?
- Shankar Dutt:** The project in Jamshedpur which was stalled.
- Varun Gupta:** It continues to be stalled. We are still looking for regulatory solutions over there and the project seems to be stalled because of regulatory concerns.
- Moderator:** We have the next question from the line of Ankit Shah from White Equity. Please go ahead.
- Ankit Shah:** Just wanted to have your macro view on your key markets Bhiwadi, Jaipur and Gurgaon particularly in terms of the surplus inventory that is lying there.
- Varun Gupta:** Let me take that up with Jaipur first; In Jaipur the overall inventory levels in the market are not very high according to us. But inventory levels are stable. I believe the inventory overhang figures are in the mid-30 months over there I'm not sure about that but we can come back with information over there if required. But my overall general view of the Jaipur market is the inventory is not too high, it's not an oversupplied market at this point of time and it should continue to do well in the future. The Bhiwadi market is oversupplied but the inventory overhang is reducing and it is moving towards a better equilibrium in that sense. The Gurgaon market according to us is more than oversupplied, over-priced and therefore it has been price corrections over the last 18-24 months and the oversupply over there is also reducing because very few launches both in Bhiwadi and Gurgaon over the last 18 to 24 months.

**Ankit Shah:** Just a follow up on that, could you give some rough number for Bhiwadi and Gurgaon as well in terms of the number of months of inventory just a rough estimate?

**Varun Gupta:** We believe the inventory overhang there is closer to 100 months into those markets. That information is sort of more available in the public domain on all those three; you could look it up as well and cross verify my information on that.

**Ankit Shah:** The implication of this on our business is what we were trying to evaluate so in spite of being a decent enough or acceptable brand in some of these towns, is the surplus inventory in the city or the locality is very high and considering the situation with a lot of real estate developers, some of them might start significantly reducing prices and liquidating the inventory. Can this have significant impact or repercussions on our business for a non-short term period, 1 or 2 years or so?

**Varun Gupta:** It has already had a negative impact. I don't need to state much next to what the business is doing over the last 3 to 4 years as to the kind of impact the oversupply the market has had. Though question now is really how do we react to it and the annual report sort of articulates our reaction to it and what our focus is going to be there and which is basically diversify in the little bit more markets, get the right people in, get the good sales team, diversify your product and differentiate your product so get Kids Centric Home as a differentiated and we are reacting to this market condition at this point in time. The pain of oversupply into the market is already visible and the pain has been felt. Again, my opinion is that the bottom of that has been therefore the cycle has been reached. Now the benefits of it will accrue in terms of consolidation of a little bit of market share to us because developers should start exiting the business or not able to launch projects or diversifying out of the business which is visible in terms of reduced line prices which is visible in the reduced number of launches, it is visible in some of the bankruptcies and IBC proceedings that are happening and just a situation on ground is such. I think the next phase of the cycle because of the oversupply should be beneficial to us but we have to put our strategy correctly in place and execute it properly. What we believe our strategy is we articulated and if you want to question on that I would look forward to having questions against this specific strategy.

**Moderator:** We have the next question from the line of Rohit P, an investor. Please go ahead.

**Rohit P:** Given that you mentioned that you intended to hopefully launch Kolkata next year is there any thoughts on looking for other passes there or you want to see how that project goes if it launches and then take a call?

**Varun Gupta:** We will take a call after this project is launched also it will not be one project, it will be two projects. We'll launch both a general housing Comfort Homes project and a Senior Living project there because the parcel is quite large and therefore we like to launch both of them and then take a call after that how it goes.

**Moderator:** We take the next question from the line of Ruchi Parekh from Anand Rathi. Please go ahead.

**Ruchi Parekh:** Just wanted to ask if I can get a sense of when we expect our cash flows to turn positive as of course the negative cash flows have narrowed but is there any outlet or something in this quarter because sales also deliveries were stable so just wanted to know still why we have a negative cash flow.

**Varun Gupta:** Little bit on the negative cash flows are also because there were some statutory dues particularly EDC-IDC in the last quarter which was little heavy and the impact of sales into collections is also a little postponed. That said I think we will have to wait a few quarters out for the cash flows to turn positive the way things are going. But we have narrowed it down, so the one confidence is that this narrowed down into a very comfortable situation at this point in time. And the way I see thing if we are able to get sales momentum to go up in this year then the cash flows will become positive.

**Ruchi Parekh:** Can you just tell me about how much did we pay for this statutory dues?

**Varun Gupta:** We paid 3.9 to 4 crores for EDC-IDC payment.

**Moderator:** Thank you. Ladies and gentlemen that was the last question, I now hand the floor back to the management for closing comments, please go ahead.

**Varun Gupta:** I would thank all of you for being on this call and being so patient with all the questions. I hope we have been able to answer your questions satisfactorily. We aim to be more transparent and proactive in our communications and will strive to increase our level of disclosures on the basis of your feedback. If you have any further questions or would like to know more about the Company, we would be happy to assist. With that I would like to conclude the call. A lot of for material we have talked about is posted on our website and you can also e-mail your queries for any further clarifications. Thank you once again for taking the time to join us on this call.

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