



“Ashiana Housing Limited Third Quarter Financial Year 2015 Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Ashiana Housing Q3 FY'15 results conference call hosted by Religare Capital Markets Limited. 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. Arun Aggarwal from Religare. Thank you and over to you sir.

Arun Aggarwal: Hi, good afternoon. On behalf of Religare Capital Market I extend a warm welcome to all of you to this earnings conference call of Ashiana Housing Limited for the third quarter ended December 2014. Let me also take this opportunity to welcome Mr. Varun Gupta, the Whole Time Director of the company. Without further delay, I request Mr. Gupta to please take us through the key performance highlights for the quarter which will then be followed by a Q&A session. Over to you Mr. Gupta.

Varun Gupta: Good afternoon everyone. Thank you for joining us to discuss the third quarter performance of Ashiana Housing. I extend a warm welcome to all of you. The third quarter of this fiscal has been a quarter of good news and events all around. We have successfully raised Rs.200 Crores from investors Goldman Sachs and Idria Limited an affiliate of Creador II LLC through a qualified institutional placement at a price of Rs.215 including a premium of Rs.214. These funds would be utilized for future projects of the company. We have entered the Chennai market by signing a joint development agreement on revenue share basis with Escapade Real Estate Private Limited, a group company of Arihant Foundations and Housing Limited - a Chennai-based real estate company for development of a senior living project as well as regular group housing project on 20 acres approximately of land with saleable area of 9.7 lakhs square feet approximately. The proposed project is coming up at sale Sengundaram Village, Maraimalai Nagar of GST Road Chennai. As a market, we see a great potential for senior living in Chennai. The Honorable High Court of Jharkhand allowed against the order of Jamshedpur Notified Area Committee. Now we can restart mobilizing resources, to restart construction at Marine Plaza project in Jamshedpur. On the construction front, we did an equivalent area constructed of 5.69 Lakhs square feet in the quarter. Sustainable momentum in area constructed 29% growth on a Y-o-Y basis reflects that the company is generally on schedule for project deliveries as we grow. With 16.48 lakhs square feet of construction till December in this fiscal year, we are all set to achieve the annual target of 22 lakh square feet of equivalent area constructed. Bookings grew at 26% on Y-o-Y basis to 3.75 lakh square feet this quarter from 2.98 lakh square feet in the same quarter previous year. However on a Q-o-Q basis, there was a decline of 41%.

While in general there has been an overall sluggishness in the market, another reason for decline was that we had launched a Comfort Homes project called the Ashiana Umang in Jaipur in Q2 of FY2015 whereas there was no launch of Comfort Home projects in Q3. We expect the sluggishness to continue in the next few quarters. Accordingly we have revised our area bookings target for the full year from 24 lakh square feet to 20.5 lakh square feet. However, we expect Q4 to be better due to launch of Ashiana Anmol Project in Sohna, near Gurgaon. Ashiana Nirmay, our second senior living project in Bhiwadi which was also launched in October 2014 has received a very positive response. The project has a total saleable area of 7.86 lakh square feet. With the learning that comes in 700 seniors residing in Utsav Bhiwadi we have made sure that Ashiana Nirmay too will give our seniors the best lifestyle.

On financials, this quarter Ashiana reported an increase of 38% in total revenue with handing over of Ashiana Treehouse Residences project in Bhiwadi. However, profit after tax declined from Rs.13.82 Crores in the previous quarter to Rs.5.27 Crores this quarter. This was attributed to higher profit bookings of partnership projects primarily Rangoli Gardens Jaipur, Phase 4 in the second quarter of financial year 2015. Moreover, Ashiana Treehouse Residences Bhiwadi was an overall comparatively lower margin project. Upcoming quarters in terms of profit recognition will improve when company expects more delivery than Rangoli Gardens Jaipur and Ashiana Anantara Jamshedpur. The full year profits are expected to see growth when compared to last year. However trends will remain volatile on a quarterly basis. Pre-tax operating cash flows from ongoing projects this quarter were Rs.13.97 Crores as compared to Rs.15.01 Crores last quarter. This decline was attributable to lower bookings in the quarter and corresponding collection of advance from customers whereas pace of construction continued as per original plan. You will appreciate that this in these sluggish markets we have maintained our construction pace as per plan which will be advantageous to us from a bank perspective when the overall economic cycle turns around for the realty sector which in turn would also revive the cash flow from operations. As a part of our constant endeavor to improve investor communication quality, we have changed the definition of ongoing project and future project and also separately mentioned about the land parcels which have been held for future development. All the details are available in the investor communication presentation on our website.

Apart from operations and financials, a lot otherwise also happened during the quarter that affected company positively. We are pleased to share that CNBC Awaaz facilitated Ashiana Housing Limited as one of the most promising companies of the next decade. I would like to thank you all for expressing your trust and confidence in us. Our credit rating was revised by both CARE and ICRA while CARE revised it one notch up from BBB+ to A-, ICRA revised the same by two notches, i.e. from BBB to A-. 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. Anyone who wishes to ask a question may enter “*” and “1” on their touchtone telephone. If you wish to remove yourself from the question queue and your questions have been answered, you may enter “*” and “2”. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. We have the first question from the line of Arun Aggarwal, please go ahead.

Arun Aggarwal: Hi Varun, congratulations first of all for the QIP and entering into a new city. I have certain questions. First of all, you are expecting Q4 to be a better quarter packed by launch of Sohna property. If we understand correctly, last time you were saying that it may take slightly more time for you to launch Sohna. So do we have a better clarity on the dates, when Sohna is getting launched?

Varun Gupta: Thank you Arun. Ashiana Anmol we have started today the booking process for customers that have registered with us or who had shown an interest earlier to our database who we give on a preference. Launch in the market will happen on, I believe, 9th of March. The building plan approvals have been received.

Arun Aggarwal: Congratulations for that and can you give us a sense of the kind of response that you have got for this project?

Varun Gupta: The idea of responses that we expect between about 80 and 100 bookings at the time of launch itself, so by 9th of March that is expectation because we had gotten interest from over 100 customers and we generally expect about 80% conversion rate on the interest that have generally been showed to us. From that my view on overall Sohna market is very positive because it is really the only affordable option at people who are working in Gurgaon really have. So the long-term view is that overall it is positive on the process.

Arun Aggarwal: Next thing which is related to this and you are saying that the volumes from other markets are expected to pick up in a few quarters’ time. Can you please explain what are the kind of timelines that are there in your mind, when you think you should start performing better in the next few quarters?

Varun Gupta: First, the view on the market is, the way we are seeing trends in the market is that overall enquires and site figures are very positive, but people are not concluding decisions on buying flats. If we see, though Jaipur has continued to remain strong in our project even when the market, we get a sense of the market from people is that it is sluggish, otherwise. I

believe most markets including Bhiwadi, Jaipur will pick up as and when the economic cycle turns and overall a positive movement in terms of economic growth, salary growth, comfortable on people over their entire income profile and how do they see their job profile and carrier growth happening over the next couple of years. So, I think that is a key driver that is there and I think people are also secondly, a lot of markets are bottom fishing there, expecting the rating for the prices to correct, they are seeing prices correcting in many markets, so a lot of people are waiting on that decision. I think that process should also start getting over in a six-to-nine month process, and I can also be completely wrong on the timelines on that, but those are the two things that is happening. Revival in Bhiwadi market is going to be the key aspect.

Arun Aggarwal: That was the next question, you were saying that you are seeing enquiries picking up, are you seeing the same trend happening in Bhiwadi as well?

Varun Gupta: Yes, across the board generally enquires and site visits have been good. So the challenge has been more people making a decision to convert and buy a property.

Arun Aggarwal: Then you are saying that it should ideally take six to nine months for things to recover, we would start talking about the target for FY'16, what would be your view on that. Should we be looking at a flattish kind of thing or should we start looking at some kind of growth coming in and if at all, how does it?

Varun Gupta: We should look for some growth coming in definitely because we will be starting two new locations, starting in Chennai, hopefully we might have Calcutta also operational and also the full year for Ashiana Anmol in Gurgaon also kicking in. We are also expecting one of the challenges that we had in this year was Neemrana could not contribute because there was a standstill in approvals in Rajasthan for one particular approval, which is like an equivalent to a license in Haryana. That process from what I hear has started in Rajasthan a week ago, so hopefully if Neemrana operations also we are able to get in to contribute, we should expect growth in overall square footage from one that aspect and the second, we will wait for key events as and when that happens overall there could be a pickup in existing markets and houses overall monthly sales or quarterly sales. So definitely we were looking for growth, how much of that exercise we will start doing probably in a month's time, so by the next call we will be able to get a sense of what I am expecting.

Arun Aggarwal: Sir, I have a few more questions, I will just come back in the queue.

Moderator: We have our next question from the line of Ravi Purohit from Securities Management Investment, please go ahead.

Ravi Purohit: Hi Varun, congrats on the successful completion of the QIP issue. Just a couple of questions, you mentioned that you entered in the Chennai market this quarter. Can you just share with us the flavor of the Chennai market in terms of I think you mentioned you are looking at a senior living projects here, but is that idea only for senior living or we looking at group housing and if yes, this would one of the few metros where we have kind of entered hitherto we were mostly focusing on Tier 2 and Tier 3 towns. So just wanted to get your sense on how are we looking at the Chennai market and is it just Chennai or are we looking at outskirts of Chennai or in and around Chennai.

Varun Gupta: Hi Ravi, first of all thank you for your wishes. Coming to Chennai market, first, our project is a little further away from the main Chennai markets are. So we are about 5 km before the Mahindra World City on GST and then about 4 km inside. So, we are not in like heart of town. The way we are, otherwise view is that we have been actively participating in the NCR market via Bhiwadi and Neemrana because Bhiwadi and Neemrana's economic issues, and a lot of buy-to-rent customers of ours stay in Delhi and in and around. Now, coming to Chennai, according to us our study says Tamil Nadu has a ripe market for senior living. One is, overall better educated in terms of what senior living is because of certain existing players, primarily in Coimbatore, but some active in Chennai as well and one active in Puducherry as well. Second is, our demographic study showed that Tamil Nadu has the highest number of urban senior citizens in the country as UP. So, if you look at the sheer size of the senior population, which is urban and being also rich Tamil Nadu has a much larger market to offer. So that is the other reason why we were excited about doing senior living in Chennai, but in this project it is a 9 lakh 70 thousand square feet project. We have the flexibility to do both regular housing and senior living. Market exists for both. We will launch senior living in the first phase and see how that goes and then take a decision on whether the subsequent phases will be senior living or regular housing boards or how that mix will be calibrated.

Ravi Purohit: Because the partner is already doing group has been in that project.

Varun Gupta: Our partner has already done group housing in the project, but they have done very high-end villas in that project. So even if you do the regular housing, so they have built about 200 odd units of high-end villas. We are looking to build about 850 units, the ticket sizes will come down by less than half overall. So that target markets are completely different that we are looking it.

Ravi Purohit: Okay, fair enough and what kind of typical realizations that companies get in that market, because the partner's realization on their website we saw was over around Rs.4000 to Rs.4500 per square feet.

- Varun Gupta:** It is Rs.4000 to Rs.4500 thousand on the villa, generally according to me villa prices are about on a per square foot basis in these sorts of markets 1.5 times of the apartment values. So according to me, our corporate value should be anywhere in the range of Rs.3000 to Rs.3500 per square feet, I think we will start with about 3300 per square feet price point is what we have in mind, but again these calls are taken much closer to the launch of the project as to how the market is shaping up at that point of time.
- Ravi Purohit:** Right, okay. About the Sohna project I think Ashiana Anmol right, this we are looking at as the G plus 13 or those kinds of buildings right, so what kind of product and what kind of pricing are we looking at the Sohan project?
- Varun Gupta:** This is a G plus 14 building. So we do stilt plus 14 in Bhiwadi as well. We are preferably doing stilt plus 12, so our goal is G plus 14. It has got basement as well. The ticket size is about 65 lakhs to about 1.2 to 1.50 Crores with majority of the stock being between 65 lakhs and 80 lakhs.
- Ravi Purohit:** Which effectively would be about Rs.6000 to Rs.8000 per square feet?
- Varun Gupta:** About Rs.5000 per square feet and we have launched at a basic sales price to about 4350 and there is PLC and there is parking, and clubs and all those charges which put together.
- Ravi Purohit:** Okay, fine. Just two more questions, one is, can you share the status of the Milakpur land now or is it still the same?
- Varun Gupta:** Still is the same, I do not think we will have any news on it for at least 12 months.
- Ravi Purohit:** Okay, so we do not have to ask this question for the next 12 months. Lastly, how do you see pickup in Lavasa. Phase I is I think already handed over, now phase II and phase III what kind of responses have you been seeing?
- Varun Gupta:** The responses have still been poor. Though December, January and February have been at least better than what we there in terms of not having very, very new looking, at least some movement has happened. The good point that has happened is overall there was a lot of paving concern that handing over and we were not really being able to be win customer appreciation that we would like to. That processes has started changing whereby the maintenance team has settled in doing a better job, a lot of handing over concerns have been resolved, and overall the view of the customer has become positive overall, which has been an important situation. Secondly, we have started a trial apartment there over the last three, four months that has also become an important piece. Let see how it trends, a slight improvement has definitely happened, but it is not enough yet to take the project the way we would like to take it through.

- Ravi Purohit:** Okay. Is that the reason why you have revised your guidance downwards for the current year, earlier your expectation would have been that some of these projects would kind of pickup, because Lavasa itself is kind of picking up with the IPO clearance and lot of other things happening?
- Varun Gupta:** A couple of things, one downward revision, we can get Neemrana to kick in. We somehow will be able to get the approvals in this year, when the government had come in we were thinking that it is settling down and therefore the approval process has not started. But it took a lot longer than we thought so. Neemrana did not kick in, so that was one, but the second is challenge in the market, there overall market has been a lot more sluggish than we expected it to be and I would say if you talk generally with the industry sources, third quarter has been worse than the first and second quarter as well. The people were expecting things to get better, but it got a lot worse overall in the third quarter. So, there has been a lot of sluggishness in the market, we think that that will take a little bit to change.
- Ravi Purohit:** Okay, great Varun, thanks and all the best. If I have any more questions, I will probably come back.
- Moderator:** Thank you. We have the next question from the line of Arun Aggarwal. Please go ahead.
- Arun Aggarwal:** You were talking about Neemrana. Do we expect that Neemrana to start may be in the first half or it can still be in the second half of the year?
- Varun Gupta:** Arun, it will definitely be second half, because the process of approval has just started. So, we will also get a clarity over the next three months of how the process is moving, but at least the process in the government has started moving at least, so that is the good news.
- Arun Aggarwal:** Okay. We understand that in Neemrana region, no competitor will be able to launch the properties or they have not been able to launch the property primarily because of this reason or is it something which is related to cost?
- Varun Gupta:** A. Primarily competitors have not been able to launch because of this region. B. Neemrana is a still market, so a lot of people do not enter it also because it becomes difficult to operate in that market, because of less of depth. You have to have a brand and again some connect with the people over there to be able to sell. So, a lot of people tend to avoid it and they will rather be in deeper market like Gurgaon if they can.
- Arun Aggarwal:** So you are saying the delay of a few more months does not make much of a difference for the demand for your project?

- Varun Gupta:** Yes. There is demand, so a few months of delay will not make that much of difference. My view again on Neemrana for us it is a larger location for us it has less demand today about more about the demand that will come in the future as and when the city industrializes. In Rajasthan, the industrialization is going to be concentrated within the Bhiwadi, Neemrana region and further industrialization is going to be a key driver of further demand.
- Arun Aggarwal:** Okay, and for the Marine Plaza project of yours, just some broad CapEx estimation that you have just had now which is to be spent over the next few quarters' time?
- Varun Gupta:** We have not done CapEx estimation for the next few quarters as of now because we could not start that process right now. We are working on going back to where we were and we are revising our CapEx estimates also as to what kind of price cases happened in the last couple of years that the project was in a standstill, so our overall estimation process is happening right now. Again we will have clarity in the next couple of months. I think we spent about Rs.18 to 19 Crores in the project till today.
- Arun Aggarwal:** Okay. This would generally be a CapEx project for in the short term, is it right?
- Varun Gupta:** No, in the sense there is a hotel piece which will be CapExed, but there is a retail piece that we are selling out completely. So, the sales process of the retail portion has already started again. So, we will be able to get a sense of how that is also moving in the next couple of months, but the idea behind that is the project is not very heavy CapEx, because the retail sales should be able to fund the development of the hotel.
- Arun Aggarwal:** Okay. One last thing about Ashiana Tree House, you said the project had a weak margin, would you be comfortable sharing the kind of margin that you had in this project?
- Varun Gupta:** We are not very comfortable sharing specific margins, I am sorry.
- Moderator:** Thank you. The next question is from the line of Bhaskar Chakraborty from IIFL. Please go ahead. Mr. Chakraborty, I am sorry to interrupt, we cannot here you clearly.
- Bhaskar Chakraborty:** I wanted to know what the tax benefit the business enjoys because the effective tax rate is even less than the MAT rate?
- Varun Gupta:** Bhaskar, I would say that we enjoy tax benefits under 80 IB, they are not there anymore, but there are some MAT tax credits which is left that we will enjoy over financial year 2016 generally, so our tax rate will be MAT tax rate. The other bit was you are not able to see the headline tax rate because a lot of our incomes in the books are after taxes because they are coming from SPV where the taxes are already paid and we are just taking into account after

tax profits into the books. So, therefore those are the two reasons why the tax rates are looking low.

Moderator: Thank you. We have the next question from the line of Ravi Dodhia an individual investor. Please go ahead.

Ravi Dodhia: Hi Varun, thanks for taking my question. If I am repeating please bare with me just the amount which you have raised of Rs.200 Crores, any plans have been finalized where you will be deploying that money?

Varun Gupta: Ravi, we have not finalized a plan in the sense these are the projects that we want to put it in. We did draw out our expenses plan of these are the kind of projects will need overall to grow the company the way we want to grow it and we had seen a shortfall of about Rs.200 Crores in that deployment plan over the next couple of years. So, the reason the particular project that we have finalized, but we have sense of what we want to do and the basic sense is now we are not looking to get into any more new cities after this, so after Chennai and moved Calcutta coming in, and Pune we have always been looking, so Pune will do something, but outside of that now the thought process of expansion is to grow the cities we have entered, so can we make our Gurgaon officer larger, can we make Pune larger, and Neemrana larger and spend our energies in Gujarat larger and similarly the other cities larger, so primarily the utilization of funds you will be to grow these geographies and also at our existing strongholds of Jaipur and Bhiwadi, so that is the basic thought and basically we will be doing more of Comfort Homes and senior living, so that is the utilization plan, and we do not have a particular project where we have to put this money into.

Ravi Dodhia: Okay. When you say that how we will not look to expand beyond these cities, but in earlier concalls you have just highlighted that if you take example of few cities like say Halol then you also might expand in other cities of Gujarat, so when you say that you do not want to expand that is the state specific which you are talking about or you will consolidate or focus only on those projects?

Varun Gupta: We are looking at some other markets in Gujarat. My particular view on not expanding more cities and we do not want to open more operational centers. So with the view that a core team of a location can handle a geography of about four to five hours of driving distance from their particular location, and then kind of handle it. The view we are taking is that we are investing in a lot of local teams in terms of capitals, in terms of our energies in training and in decision making. So we are not looking to create more operational teams after this. The idea will be to grow these operational teams which will be concentrated in particular locations. So, we are actively looking at Baruj, Baroda, two, three hours outside of Baroda, the team is that managing the Halol could manage those locations as well, and

also brand transparency between a three, four-hour driving distance is much easier, so that is the other thought.

Ravi Dodhia: Sure, got it. Just another question, you have revised the area booked for FY'15 downwards, so the impact according to you about the improvement in demand, do you see that to improve from FY'16 onwards?

Varun Gupta: We would expect FY'16 onwards the demand to revise, but I have a six to nine-month views before demand will revise. One is the concern we are seeing is more a decision making, less on inquires or visits, so people are not willing to commit to a larger decision and that could be one reason. The second is, the whole negative sentiment around real estate is people bottom-fishing for prices and that process will also end in a certain timeframe where that will also happen, so I have been keeping those two things in mind, my view is six to nine months, but again timing is something very, very difficult to predict.

Moderator: Thank you. We have the next question from the line of Ravi Purohit from Securities Investment Management. Please go ahead.

Ravi Purohit: Just one followup question on this Treehouse Residences, now this is something that we have not experienced in the past or since that time that have been you are tracking our company and I hope in future also we do not have too much such problems. I just want to kind of understand our thinking behind that, let us say if we do kind of end up having unsold inventory of certain projects and it kind of has its own cost of capital if you hold on to the inventory for let us say a year, year and a half, or two years, does it make sense to kind of cut the price by 10% and just liquid the inventory, I just want to kind of know what kind of thinking we have kind of put in behind the Treehouse Residences?

Varun Gupta: Ravi, right now the thought has been just to hold onto it and wait it out. A key risk in this business is to have a lot of built inventory which is not moving because the cost of capital involved can be substantial. So we have always been working on making smaller phases, being nimble on reading the markets, moving it around and advertising commission and making decisions, which can avoid these kinds of situations. But that said, we are also of the opinion that when market prices are bad, it is still advantageous to build the project out because the benefit that you get on the brand side of delivering on time in a bad market is more important than delivering on time in a good market as well. I think we are weighing those two things and working on decisions. We spent about two hours right now with my brothers, we were working on how to phase the construction plan in a lot of projects just to ensure that we are avoiding some of these situations and wherever we cannot avoid to move on and then just to hope when the market turns well, given the image that we have built we will be the preferred choice of buyers, so spending our energies is to ensure that we are the

preferred choice for the customers to come that is the second issue. Cutting prices can be a very, very difficult thing to do, it is not something we want to do, and my belief is also that cutting prices may not lead to better sales because again the situation being bottom fishing. If you cut the prices, when the customer comes he will see prices will cut later, and will delay the decision. All you are really trying to do is make the decision quicker. By cutting the prices, you are not able to sell and you are not getting cash flow in at the same time. Those kinds of situations exist, so we are not willing to cut price. I believe that Treehouse Residences is Rs.3700, Rs.3800 per square foot kind of product. It is not a value gap. In my older projects, something has sold for the ticket sizes more than the flat value of Treehouse Residences in terms of villas, I know the specifications that we gave and the quality of product that we gave eight years ago and the quality of product that is here, this is superior. I think we will just have to wait for the cycle to turn.

Ravi Purohit: Okay, I understand where you are coming from, when you say that it is important to finish the project because many times it so happens that a builder books let us say 20% or 10% or 15% of the project or let us say 25% of the project and he is unable to sell the remaining 75% and then delays the project. So you do not really want to do that?

Varun Gupta: The impact on the brand at the end of the day will be very negative and I am very clear that long-term differential result on capital we can generate on this business is hinged on only and only thing that is brand. There is not any intellectual property that we have outside that can create entry value. There is not a large capital requirement; you can do smaller projects if you do not have the capital. People can get contractors, architects to design, construct, and brokers to sell. At the end of the day, the only real differentiation over a long-term basis is the brand that we have. Our endeavor will always be there to protect it, build it, reinforce it, and do whatever it takes to ensure that the brand Ashiana is always intact and real.

Ravi Purohit: And finishing projects in time actually adds a lot of value to that.

Varun Gupta: Specifically finishing projects in down sites, it makes even a larger difference.

Ravi Purohit: Great, thanks for the insights. Very good to hear.

Moderator: Thank you. We have the next question from the line of Rajat Budhiraja from Banyan Capital Advisors. Please go ahead.

Rajat Budhiraja: Thanks for taking my question. My first question is basically on your growth plan. You are saying that we grow as per our plan, so what will be the total capital required in the next two years according to your growth plan? That is my first question.

Varun Gupta: About 600 to 700 Crores in the next two years.

Rajat Budhiraja: Okay, so you have already raised 200 Crores and you have pretax operation cash flow per year of say 100 Crores plus, this will leave be around 400 Crores and there would be remaining 200 Crores, so how are you going to fund it?

Varun Gupta: Expectations are that as we grow this 100 Crores should actually come up to 200 Crores and the 200 + 200 + 200 we will have 600 Crores and we will be able to fund that. The expectation is that the operating cash flows will also start driving up as we grow. Again, this year has been bad because of overall negative cycle in the business that is coming. We do not expect that to remain forever right. Keeping that into account, I do not think we need to raise any additional capital. If there is a requirement of any short-term very limited capital when we can really get as well now given our balance sheet is completely clean. So that freedom is there, though as I said earlier and I would reiterate that the temperament of the management team is that we are not very comfortable with taking debt capital.

Rajat Budhiraja: Yes, I can see that. So for these 800 Crores, how much of the area you will be acquiring in the next few years?

Varun Gupta: About 600 to 700 Crores capital outlay and we look to acquire between 15 to 17 million square feet.

Rajat Budhiraja: Okay, and my question is on the overall market. Which was the market where you are operating, the market is the weakest, where you are feeling more challenges than other market?

Varun Gupta: Jodhpur and Lavasa is where we are still facing the biggest challenges. Lavasa I told how much is on the market, but more on the entire Lavasa development itself and how much is to do with the Pune or the Mumbai market it is very difficult for me to comment. Jodhpur has been the most difficult and challenging market at this point of time. In terms of impact in our overall square footages, sluggishness in Bhiwadi and Jaipur definitely impact us because they are the larger piece of the pie and between Bhiwadi and Jaipur definitely the pain is much larger than Bhiwadi than Jaipur. There is sluggishness across market, I am not able to say which market is sluggish right now.

Rajat Budhiraja: Okay, and what is your view on Halol market because there, we are not seeing any kind of demand because the last quarter also it was pretty weak. What is your view especially on that market?

Varun Gupta: Halol, I think the view is that the market does not even know what kind of a development that is possible. The expectations of the people of the kind of product that we will deliver, there is not a single project in Halol which has a functional swimming pool which is delivered of high quality. So I think once we deliver phase I of our project which will be

another 9 to 12 months from today, markets will start picking up further, it will pick up slowly as and when projects take shape and finishing, and people are able to visualize the kind of things that we have promised and we are delivering. So I think that is when the situations will turn. Otherwise, overall outlook in Halol is positive because industrialization is picking up there, primarily driven by the setting up of Hero Motocorp factory.

Rajat Budhiraja: Okay, thank a lot, that is it from my side.

Moderator: Thank you. As we have no further questions, I would like to hand the floor back to Mr. Arun Aggarwal for closing comments. Please go ahead.

Arun Aggarwal: Thanks a lot, thanks for attending the call. Thanks Varun for this time out.

Moderator: Thank you. Ladies and gentlemen, on behalf of Religare Capital Markets Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.