



# “Ashiana Housing Limited Q3 FY-18 Earnings Conference Call”

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**MANAGEMENT: MR. VARUN GUPTA – WHOLE TIME DIRECTOR,  
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**Moderator:** Ladies and gentlemen, good day and welcome to the Ashiana Housing Limited Q3 FY18 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, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Binay Sarda. Thank you and over to you, sir.

**Binay Sarda:** Welcome everyone and thanks for joining this Q3 and 9 months FY18 Earnings call for Ashiana Housing Limited.

The results and investor updates 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 – Wholetime 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 reflect any outlook for the future which can be constitute as a forward-looking statement. It must be viewed in conjunction with uncertainties and risks that we 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. Vikas Dugar. Over to you, sir.

**Vikash Dugar:** Good afternoon everyone. Thank you for joining us to discuss performance of third quarter FY18 of Ashiana Housing. I exchange a warm welcome to all of you. Sales showed improvement at 1.64 lakhs square foot vis-à-vis 1.57 lakhs square foot in the previous quarter. We handed over 1.16 lakhs square feet in Q3 out of which 72,000 square foot was delivered in Ashiana Housing and 44,000 square foot was delivered in the partnerships. This was against a delivery of 4.75 lakhs square foot in Q2 of FY18

. Revenue recognized from completed projects was Rs. 20.15 crores for Q3 FY18 versus Rs. 97.72 crores in the previous quarter. Revenue recognized from completed projects was at Rs. 24.88 crores in Q3 FY17. Total comprehensive income that is TCI was at negative Rs. 2.9 crores vis-à-vis positive Rs. 24.55 crores in the previous quarter.

Lower deliveries in the present quarter versus the previous quarter led to lower revenue and lower TCI. Pre cash operating cash flows improved though continued to be negative at Rs. 3.58 crores versus negative Rs. 23.8 crores in the previous quarter. Better collections and favorable

working capital movement led to the improvement in our cash flows. Equivalent area constructed was higher at 2.02 lakhs square foot versus 1.87 lakhs square foot in the previous quarter and 4.66 lakhs square feet in Q3 FY17.

Our construction has been generally in line with our commitments. We entered into a development agreement with a local developer for development of regular group housing project on piece of land measuring 3.5 acres situated at village Mouza, Pardih, JNAC, (Mango), Jamshedpur, Jharkhand. The entire project will have a total saleable area of approximately 3.25 lakhs square foot.

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, sir. Ladies and gentlemen, we will now begin the question-and-answer session.

The first question is from the line of Ravi Purohit from Securities Investment. Please go ahead.

**Ravi Purohit:** So couple of questions. In the couple of months back we had put out a press release about a project in Pune. I did not see the mention of that in the presentation. Is that maybe still on or any?

**Varun Gupta:** The JV is still on, Ravi. So we had done a MoU we generally put the document up after development agreement is registered. Which is pending but the JV is still on and alive. We hope to launch that project in the next financial year.

**Ravi Purohit:** And about this World Bank IFC investment that we had discussed in the last con call, any progress that you can share and also in terms of structure or how will it actually work out and what are the kinds of details that you can share with investors?

**Varun Gupta:** So the IFC transaction is moving ahead, the Board approval for project level investments have come in. It is a project level investment platform if that is the right word to be or a line of capital that has been agreed with them. We will give exact contours that we can reveal probably once the transaction is fully closed. We are in the process of closure with them so I am hoping that we will conclude on that.

Basically what the transaction envisages is that we will provide capital for new projects and then returns will be linked to project specific performance and that is how the capital will come in, whereby they will provide up to 40% of the capital required by project and we will provide 60% of the capital required for a project. Other than that, the remaining details we will only share once the transaction is concluded.

**Ravi Purohit:** Okay, just one more clarification regarding this. Is there any criteria that World Bank or IFC basically will be using in terms of what projects you can get into in terms of they have to be

necessarily affordable housing projects or they have to be necessarily is there any definition by which you can enter into project or are there like no go areas in that sense?

**Varun Gupta:** Yes, there are clearly defined projects that is we had clearly defined eligibility criteria. Most developments that we think to generally do will fit in. they will have to qualify for affordable housing in terms of RBI's definition which is and should basically a certain percentage of units will have to be less than Rs. 65 lakhs of pricing in metros and less than Rs. 50 lakhs in non metros. So most projects that we have today can sort of qualify to that definition generally.

**Ravi Purohit:** Okay so is it safe to assume that the projects that you undertake under this will also be the projects which the government has defined as affordable housing and therefore will qualify for income tax exemption going forward?

**Varun Gupta:** Not necessarily so affordable housing has multiple definitions across multiple government authorities. So I do not if you guys have gone through the previous calls I prefer not to use the term affordable housing because it does not really convey what we actually do it. You do not really know what it is. So the tax breaks is only for units which are 60, coming back to the point we were discussing on the IFC investment I was just reiterating. The IFC investment will also be for only fresh projects.

**Ravi Purohit:** Last question is on demand at the ground level particularly I think we have done quite a bit of work in A Town and I think so if you would just kind of give a little color on the demand side situation geographically in the sense of Bhiwadi or let us say Jodhpur, Jaipur or Chennai and just briefly if you could?

**Varun Gupta:** We see things improving in Bhiwadi. I would say fourth quarter should be better than the third quarter. I see continued demand for senior living, Chennai and I think we are also even more positive going forward. We have just launched a Phase-II, as you can see Quarter 3 was also a better quarter than the previous 3-4 quarters and I would say it will continue to improve. Jaipur as a location has not picked up over the last couple of quarters as much as we expected it to. Even though when we do our market work it seems like the underlying demand in the market continues to be better than other markets.

So that is generally this and Bhiwadi even NCR I would say NCR would continue to improve right now because of declining inventory that is there in NCR in general, so either Sohna or Bhiwadi decline inventory is going to be quite good. I would expect the demand situation to now start improving. There is a general feeling that people are getting the feeling that the prices have bottomed out and the decline of inventory continues which is also a healthy sign for the future.

But I do not have any specific data right now to support things it is like as you can see the last three quarters have been quite close to each other in the amount of sales that we have had, nothing dramatically different.

**Ravi Purohit:** And any new launches you are planning for this quarter?

**Varun Gupta:** Not for this quarter, next quarter in terms of new projects we will have some phases coming along. We have applied for Phase-II of Ashiana Nirmay in Bhiwadi and Phase-IIIB in Vrinda Gardens in RERA so hopefully we will get our RERA approvals and maybe launch them either in March or April. But we are also actively working on getting some projects launched particularly in Jamshedpur we have not had a stock to sell for now four quarters we have had effectively no stock to sell.

And we are working actively to get two projects going in about a six month timeframe from now. And we are working on other projects as well getting one in Pune going as we have discussed, one in Jaipur as well going so we expect to launch these projects in next financial year.

**Moderator:** Thank you. The next question is from the line of Ruchi Parekh from Anand Rathi. Please go ahead.

**Ruchi Parekh:** I just would like to get an idea of how has the marketing campaign that we had started in December how has that been for Bhiwadi, any numbers and how do you see Q4 to be? As we seen that the sales turn has pick up in few of the Bhiwadi projects?

**Varun Gupta:** What I understood of the question was how do we see Q4 in Bhiwadi?

**Ruchi Parekh:** Yes, sir.

**Varun Gupta:** Okay I would not give specific numbers but I would expect Q4 in Bhiwadi to be better than Q3 particularly Ashiana Town there is a definite sense that things are improving there.

**Ruchi Parekh:** And sir, if you can give any idea on how the Jaipur markets will favor, are you planning any marketing strategies there also, any campaigns to be bought out there because there is some slowdown which we are seeing?

**Varun Gupta:** So if I speak about Ashiana Town's campaign particularly I think it was something that was not restricted to Ashiana Town that we wanted to do going forward was basically communicate the benefit that children have when they live in our project which basically the Ashiana Town campaign focuses on is communicating the benefit for children growing up in our projects, whether it is in their overall development of personality, in terms of their health because of the various amenities, events and maintenance that we organize.

It started off with Ashiana Town but it is going to get extrapolated elsewhere. We are looking to take this campaign to Ashiana Umang in Jaipur and Ashiana Anmol in Sohna. Probably that campaign activity will start in the first quarter of the next financial year.

**Ruchi Parekh:** And one more thing, I mean the walk ins, how do you see them to be changing post and pre the marketing campaign, any numbers how much units do we sell in a quarter or something if you can?

- Varun Gupta:** We sold 15,000 square feet roughly on average on Ashiana Town over the last three quarters. I would expect this to move to about 25,000 odd square feet per quarter if the campaign goes as is somewhere around that number as of now. And if things go better then that can improve further.
- Moderator:** Thank you. The next question is from the line of Ankur Jain, Independent Investment Advisor. Please go ahead.
- Ankur Jain:** I have a question about the land which is available for future development so the presentation mentions around 79.8 acres of land that is available. Could you give some sense of how much of this land what percentage of the value had been paid by the company till now, rough idea?
- Varun Gupta:** So Milakpur has fully paid for, Umang extension is fully paid for and there are two more lands. One in Kolkata we have paid about 25% and in the new land in Ajmer Road which is 8.84 acres this will be a joint development. We have paid about 70% of the deposit that needs to be paid for over there. The remaining deposit will be paid for probably in the next couple of quarters.
- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- VP Rajesh:** On the IFC investment that is coming in, Varun you said that it has to be fresh projects. So does that mean that even the land purchase has to be done after the platform is up and running?
- Varun Gupta:** Yes, it does. Yes.
- VP Rajesh:** So essentially then they will be providing the debt funding for that and the equity will most likely go from our own balance sheet, is that the right way to think about it?
- Varun Gupta:** So they would be providing capital, but it will be project specific capital with a variable rate of return with also defined principal- reprincipal payment obligation. So it will be kind of a unsecured capital provision, which is linked to returns of the project itself. So we would not want to carve out the equity and debt so specifically that Ashiana is providing equity and they are providing debt. It is more to meet the capital requirements of the project to buy the land in a little bit more structured manner.
- VP Rajesh:** And will that sort of platform or let us say line of credit will be available for construction of that project also or it is just purely limited to purchase of land?
- Varun Gupta:** It is limited to purchase of land and upfront capital that is required. So any upfront construction that needs to be done before the launch of the project it will be provided for that. But post launch if any capital is required then we will take construction finance which typically is not required the way we go about financing our construction which is typically generally funded through customer receipts. That is the expectation over there.

- VP Rajesh:** And is the expectation that our pre-tax operating cash flow will start to turn positive in Q4 or what is the sense you guys have on this?
- Varun Gupta:** In the sense earlier I was hoping that they will start looking positive I think they will continue to remain in a lower negative number as Q3 was in Q4 as well.
- Moderator:** Thank you. The next question is from the line of Vikas Vardhan from Value Research. Please go ahead.
- Vikas Vardhan:** My question is regarding this senior citizen theme home. I have got to know many players like LIC's Housing Division they are replicating your retirement kind of home theme. So do you see them as a competition or you think the market is big enough to absorb like have a simultaneous growth?
- Varun Gupta:** Right now I think the more people will come in, it will actually increase the size of the market by creating more marketing about the product, more education about the product. So at this nascent stage in the market is really given the size of the market today, more players will actually sort of I would say create a bigger market, not only the market is big enough they will increase the market size as more and more people will come in.
- Moderator:** Thank you. The next question is from the line of Manish Poddar from Renaissance. Please go ahead.
- Manish Poddar:** Just wanted to get an update what is happening on the Jaipur market at length so there have been quite high in traffic also, what is happening out there?
- Varun Gupta:** So we are also the Jaipur market has been a little stable for us across all three projects things have been not as good as we would have expected it to be in this quarter particularly. We see things improving going forward. There has been some issue of us also not launching enough phases to try and sell out whatever built inventory that we had so particularly if you see build stock in Vrinda Gardens is reduced and Ashiana Umang is reduced.
- In Vrinda Gardens we will now launch a second phase in the next 2-3 months. Ashiana Umang also we will launch a phase hopefully in the next 4-6 months. I think that will have some positive impact on our sales there. My long term view on Jaipur is still bullish given the overall is lesser than as compared to other markets. Our product quality and brand reputation that we enjoy is also very, very positive. So I would say that in the next probably three to six months we will start seeing things improve there as well.
- Manish Poddar:** So it is largely a timing mismatch?
- Varun Gupta:** Yes, we also have a lot of built inventory which we also wanted to sell out which reduces sales a little bit because you do not have all the kind of stock that you want. Some people want a park

facing unit, some people want a lower floor unit, some people want a higher floor unit somebody wants a 3 BHK, somebody wants a 2 BHK, so people want different things.

But we do not want to launch whole lot of fresh units till some of our built stock has been sold off. So therefore some monthly run rate has been reduced because of that as well. So that is an issue. Now you want to call it a timing mismatch or I do not know what word to use but that is an issue.

**Manish Poddar:** On the Ashiana Town largely, so on this there are a lot of marketing activities. Can you just highlight let us say you are probably x number of expression or interest and x number of convergence from them. Something like that because this run rate what I gather from your commentary is we continue this 15,000 odd square feet run rate you know probably in Q4 also?

**Varun Gupta:** No, I would say that 15,000 square foot should improve closer to 25,000 square foot in Q4 the way things are going. That is where it is. Basically our site visits have gone up above one and a half times, we were doing about 91 site visits and now we are doing about 160 on site visits a month.

So that is where the impact is, so therefore I see things improving from there. What matters really is more than Q4, how Q1 of next financial year will behave, how much of that will sustain, how much of that momentum will actually increase. So Q1 will be I think a lot more important than Q4 overall.

**Moderator:** Thank you. The next question is from the line of Manish Jain from Sage One. Please go ahead.

**Manish Jain:** I had two questions. First was the strategic rationale of doing the IFC deal. Is it to get a cheaper debt funding, cheaper equity funding to scale up faster? That is something which I will be keen to understand?

**Varun Gupta:** Anything else you had to ask?

**Manish Jain:** My second one is related to the consolidation in the sector so not related to financial side, so should I ask that right now?

**Varun Gupta:** So the strategic idea of IFC was to basically we believe now is a good time to purchase land to acquire land and get more projects going. So whether we like to do JDA or to acquire ourselves the IFC platform gives us the flexibility of doing both JDA and outright acquisitions. We were not doing outright acquisitions a lot just because they took a lot of capital. And the IFC transaction is also I would not say exactly it is a straight up debt transaction.

Straight up debt transactions have defined repayment obligations and defined rate of interest. Here the return on capital that is to go to IFC is variable dependent on the project performance with no defined timeline of repayment obligations or defined interest obligations as such.



So therefore what happens is the biggest issue in real estate as such in terms of capital is providing capital that does not have asset liability mismatches because the cash flows from our projects are inherently volatile and difficult to estimate as to when they will come in, how they will come in.

So you need capital that is willing to be sort of patient with the project cash flows, willing to be variable with the project cash flows and IFC capital provides all of that for projects. So it sort of strategically fit well together we do not see it as debt capital that Ashiana is typically generally averse to. Because there is no defined repayment obligations and there is no defined return on capital that they will get.

**Manish Jain:**

And second thing was on the market side. You know everywhere different real estate players one keeps hearing the same buzzword consolidation is on, things are moving towards the bigger boys and branded side. In your experience where have you seen the pace of consolidation the highest in the markets where you are present? And do you personally agree that this consolidation is on and if yes, how long do you think before this gathers pace?

**Varun Gupta:**

So if I would say consolidation on the front that player's number of units is reducing in the system. So there is one thing that is happening is the supply is coming down and the business is cyclical. And the supply glut that the system had has to reduce for things to start improving. The process I would think for the supply glut to go away and for us to come into a sort of a more demand than supply kind of situation in my opinion is about four to eight quarters away. I would say closer to about four, five quarters in my opinion when things will happen.

There is some consolidation already evident in this sector, there is a lot of developers across the market who have exited the business or where the projects are now on a hold and there is no construction going on. My opinion also there is therefore if no construction is going on in a project I do not think they will be having fresh sales because that expectation would be that people would not be buying into projects which are on hold then I might be wrong on that assumption as well, we never know.

But given that assumption in mind I say that consolidation is definitely happening with projects being stalled. There is been a lot of places and people exiting the business. I would say we will see the strongest consolidation according to me in the NCR market because the pain of oversupply has been the highest there of all the markets that we operate on and therefore it will be more difficult for the people to survive.

But that said the smaller towns have another issue there that the cost of capital that people have generally is higher which also makes it more difficult to survive even if the downturn is not as strong as it would be in other markets. So those are the two things happening My guess is that NCR would see stronger consolidation than elsewhere and the consolidation process will continue.

But that said the moment the business becomes a little more interesting in returns more and more people will start entering the business again. It is a cyclical nature of the business which will not change. I do not see a structural consolidation, it is a more of cyclical consolidation that sits there right now.

**Manish Jain:** In fact that was the main question where now with RERA, GST and all has it become the entry barriers in the business have gone up?

**Varun Gupta:** GST creates no entry barriers, RERA creates a little bit of entry barriers but it does not create an entry barrier which really, really protects from new entrants coming in. It does protect against the rate of expansion that new entrants had, so what RERA basically does is the amount of capital that is required to do a project goes up. You cannot use customer money to go buy more and more projects to launch.

So even if new entrants who came in with less capital and went on launch ten projects in the last boom cycle, we will probably launch two or three projects in the next boom cycle. So in that sense there would be protection of that nature. But will it protect against people entering the business in full, I would say no. I think in the next boom cycle would have to happen is that the source of capital for people will need to change.

**Moderator:** Thank you. The next question is from the line of Priyank Sanghvi from 5Y. Please go ahead.

**Priyank Sanghvi:** My question is regarding Anmol in Gurgaon. So there we have some decrease in bookings can you tell more on that? We do have good saleable area over there in Anmol and but the bookings are not picking up. So can you tell more about that?

**Varun Gupta:** I wish I had more to tell. As I said we also do not know exactly what is happening over there and if the project continues to struggle it is difficult at this moment.

**Priyank Sanghvi:** What about the other projects in the same area?

**Varun Gupta:** Yeah, they are near Gurgaon so in Sohna Gurgaon general the Gurgaon market continues to struggle. So that difficulty is definitely there. We will also launch the kid centric homes campaign in Ashiana Anmol probably in the first quarter of next financial year. I think that is probably the most significant step that we will take towards marketing Anmol.

And the second thing that I think will be important in trigger of Anmol would be when the project starts taking shape for possession and I think that impact will start becoming visible in six to seven months where we will have, the projects will look a lot sort of nicer with some of the Green belt ready, some of the painting work happened on the building. So in that after six, seven months that can be another trigger. But that said I do not have any solid analysis as to exactly what has gone wrong.

**Priyank Sanghvi:** Okay thanks. And the same question about Tarang in Bhiwadi?

- Varun Gupta:** In Tarang in Bhiwadi we have actually sort of reduced our focus strategically right now. Given the campaign that we were running at Ashiana Town we have decided to shift our entire sales team from Tarang to Ashiana Town and keep our energies focused there. And that has started paying dividends. We were struggling in Ashiana town at about 5,000 to 6,000 square feet a quarter which has moved to 15,000 square feet a quarter on average over the last three quarters and we believe that this should go up to 25,000 square feet a quarter starting Q4. So Tarang was actually a strategic intent.
- Priyank Sanghvi:** Okay fine. Any plans to launch Lavasa Phase-IV?
- Varun Gupta:** In Utsav Lavasa we intend to sell it after completion.
- Priyank Sanghvi:** So we do have good amount of construction already done, right?
- Varun Gupta:** Yeah, we do have a good amount of construction done. I think we are about six, seven months away from completion there.
- Priyank Sanghvi:** My last question is about Town so with these 15,000 square feet we would probably be doing about say three to four bookings a month on an average?
- Varun Gupta:** 15,000 square feet translates into about four bookings a month, yes.
- Priyank Sanghvi:** So in January and February how is it so far booking wise?
- Varun Gupta:** So we are at about eight bookings a month right now in January and we expect that momentum to continue in February.
- Moderator:** Thank you. The next question is from the line of Devansh Lakhani, an investor. Please go ahead.
- Devansh Lakhani:** I just wanted to understand why things we have booked our area booked from 1.39 lakhs square feet in Q3 FY17 to 1.64 square feet in the current quarter. So you mentioned that the sales number in this particular quarter was down because of lower deliveries. Is that right?
- Varun Gupta:** Yes, it is the revenue numbers, correct. The revenues on the quarter is based on delivery, it is not based on area booked.
- Devansh Lakhani:** Yes, I know that. So basically, is my understanding right, I mean correct me if I am wrong. So we have booked more square feet in this quarter so if that gets delivered in the next quarter so is it right to assume that you will get that much of revenue again in the next quarter like that enhanced revenue from the area booked in this particular quarter?
- Varun Gupta:** No, so the next quarter's revenues are dependent on what projects get delivered in the next quarter itself which can be pertaining to bookings which have happened over the last probably 8-10 quarters depending on the project which is getting delivered

- Devansh Lakhani:** So it might be many other previous quarters also which might have been taken into account?
- Varun Gupta:** Correct.
- Devansh Lakhani:** And sir, any particular reason why the average realization in this quarter has been approximately Rs. 150 lower per square feet compared to Q3 FY17?
- Varun Gupta:** One is because GST benefits that are being extended. We are giving about 6- 6.5% of GST benefits generally on the project which is basically to keep the pricing similar and we are probably getting about 4%, 4.5% of that back as input tax credit. So therefore the quarters are not comparable from that perspective. My guess is Rs. 100 a square foot would be impacted because of that piece itself may be a little bit here or there on that. And some change in pricing is also because of product mix. That is what is happening.
- Devansh Lakhani:** And going forward how do you see these realizations and your deliverables in the next say two, three quarters or something like your realizations where do you see based on that?
- Varun Gupta:** Realization will continue to be very much similar right now. I do not see room for significant price increases anywhere. In general there might be tinkering of in one or two projects for little bit of price increases but I do not see any substantial movement for the company as a whole.
- Devansh Lakhani:** Even after the GST is more or less subsided...
- Varun Gupta:** What the GST has done is the structural changes. So Rs. 3,295 and Rs. 3,153 are not comparable because of the GST impact. We have to reduce our prices to pass through input tax credit. So the impact on the margin might be something else but revenues have definitely have gone down.
- Devansh Lakhani:** And how you see the deliverables also going forward will it be stronger than this current quarter?
- Varun Gupta:** Quarter 4 is expected to be stronger than quarter 3 for sure. We have three phases coming up for delivery according to us we are just in midst of it.
- Moderator:** Thank you. We have a follow up question from the line of Ravi Purohit from Securities Investment. Please go ahead.
- Ravi Purohit:** Just a small question on Shubham Chennai. There was a kind of a bump in the bookings in this quarter about 20,000 square foot or so. You feel this run rate is sustainable now or how do you look at Chennai market in that sense?
- Varun Gupta:** So some of it also came because we launched phase 2. So I think and we got a bump up of 6,000 - 7,000 square feet this quarter. I would say the 21,000 square feet number that we did, 20,900 square feet this quarter somewhere around that. My opinion it should be sustainable. I see similar level Chennai to be an exciting prospect. Phase-I is getting ready for delivery. I think that will have a large positive impact on sentiment. Phase-II has also opened. A variety of stock that we

did not have and basically we were running with 1BHKs, and 2BHKs which we have brought in.

We have had mostly 3BHKs left in phase 1. Given that two, three things I would in my opinion the next couple of quarters seems sustainable and if we get our execution proper then, we might be able to do, it should be big market for Ashiana and probably become our biggest market in terms of senior living at least.

**Ravi Purohit:** So are we looking? So how big is the phase 2 which you have launched just now?

**Varun Gupta:** Similar in size. It is 147,000 square feet in size.

**Ravi Purohit:** So have we made any changes based on the learning from phase 1 because Chennai what we have seen from some of the other builders are also is that there is generally lot of leftover stock with most builders is of 3BHKs. I think the larger ticket size homes. So have we kind of changed that in the next phase in terms of that?

**Varun Gupta:** So our 3BHK ticket size is I think less than Rs. 50 lakhs so it is about Rs. 50 lakhs to Rs. 60 lakhs is where the ticket size of our 3BHK are.

**Ravi Purohit:** This is cost to the customer in hand?

**Varun Gupta:** Yes. We are also waiting for how things pan out when people move in because I think a lot of people have bought cheaper homes given that they could afford bigger homes but they do not know how the project will turn out, will we really move here.

There are lots of questions in their mind which will sort of get answered once they start living here and I would think that information is still not fully available with us to make changes. We are going to make changes probably in phase 3 onwards. But we are just waiting for some more information. May be another two more months of information would be sort of ideal.

**Ravi Purohit:** And when are we handing over Shubham first phase?

**Varun Gupta:** Anytime hopefully we are just waiting for OC.

**Ravi Purohit:** So once the OC comes you should be able to kind of handover in this quarter itself?

**Varun Gupta:** We are also taking opinions I think we will also get an opinion may be today or tomorrow that may be OC is not required in that particular neighborhood which is the town and country planning where it falls in the jurisdiction. So either that happens or we get the OC. So we are about to handover I think.

**Ravi Purohit:** And last question from my side. Varun, just follow up on one of the other investors had asked you on. This IFC deal so like you mentioned that IFC deal is essentially for new projects. So do

you already have certain pipeline in mind are you guys already been working you have on plate something or it is like you will start fresh?

**Varun Gupta:** We are in active negotiations for two projects. But I do not want to disclose further till things are sort of concluded in a proper fashion. But there are two projects which are in very advanced stages.

**Moderator:** Thank you. The next question is from the line of Kashish Sambhawani from Nejen Capital. Please go ahead.

**Kashish Sambhawani:** My question is regarding the area booked. So since FY14 it has been continuously declining from 22 lakhs per year to around 6 lakhs, 6.5 lakhs now. So do you see this number bottoming out or do you think there is more pain there?

**Varun Gupta:** I do not want to jinx myself but yes, I think this is a final year of decline I think in this cycle. In my opinion things should start moving up next year onwards. It seems like things are already improving. The first few signs of things improving are already in place. We also have project launches plans next financial year. I would say next year should be significantly better than this year.

**Kashish Sambhawani:** So going like two, three years down the line what is the normalized number which we can look for like can we achieve the 2014-15 financial years' figure or like 10 lakhs square feet what should be the normalized number which is in your mind?

**Varun Gupta:** These are things that we generally do not look to state but the number in the financial year 2014-15 is definitely on the cards. Actually 2013-14 was actually higher. We actually want to do more than that over the medium term in terms of the next three to five years. So I believe that the cycle has bottomed out and the cycle will start improving.

So that too I think will be a good tailwind over the long term according to me. And also we believe that right now market like Chennai where once the project is delivered we should get more traction and a bigger share. We believe Gurgaon also we will deliver in the next 12 to 18 months probably in my opinion and that should also create traction for us there. Because at the end of the day our play is based on delivering high quality product and maintenance on ground.

And that will flow through even in Jaipur we are looking to get more projects across different price points and have more variety of products. So there are various strategies that we are trying to put in place right now which will hopefully we will do better than FY14 in the medium term.

**Moderator:** Thank you. The next question is a follow up question from the line of Ankur Jain from Independent Investment Advisor. Please go ahead.

**Ankur Jain:** Varun, I have a question about the Calcutta project. Can you give some update are we progressing on the approvals there and do you expect to?

**Varun Gupta:** Ankur, there has been some progress. So as the Calcutta project is part of a township being executed by Bengal Shriram which is a subsidiary of Shriram Properties out of Bangalore. What has happened recently is they had gotten the environmental clearances. So in environmental clearances our project also got approved. So that has been received. But that said the building plan approvals have not progressed at all.

So hopefully we will get some more color in this quarter on that. But it seems like there is progress there as well. Going forward things should be better the kind of information that we are getting from Bengal Shriram but no conclusive movement on ground in terms of building part of it.

**Ankur Jain:** And one more question. In the medium term did the company planning to enter any more geographies any new cities apart from the ones where we are already present and we are launching or is it that we will continue to add to the variety and more price points in to the existing markets?

**Varun Gupta:** It will be the second strategy right now, Ankur, because we believe once our product is ready we should get a bigger market share of the markets that we have entered. Both Gurgaon and Chennai are larger markets than we have generally historically operated in. And our belief is that one good product is on the ground when our maintenance is available for people to see then we should get a larger pie and that is where our concentration will be is to gain some market share in those markets going forward.

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

**Vikash Dugar:** I would like to 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 productive in our communications we 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 material we have talked about is posted on our website and you can also mail your queries for any further clarification. Thank you once again for taking the time to join us on this call.

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