“Ashiana Housing Investor Day Meet Conference Call”

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Management: Good afternoon once again and behalf of everyone at Ashiana Housing I welcome to you to Investor Day Meet 2015. It is great to see a huge turnout and thank you for being with us especially for those where it requires some travel. Throughout this session we would be making forward looking statements. Such forward-looking statements are subjected to certain risks and uncertainties and Ashiana will not be responsible for any action taken based on such statements and it takes no obligation to publicly update this forward-looking statements to reflect subsequent event or circumstances.

We would be discussing the performance of the year gone past as well as share some outlook of what the future holds for us. To do this we have with us today Vishal Gupta – Managing Director, Varun Gupta – Whole Time Director and also we have with us Mr. Vikash Dugar – CFO. Please note that we are running a tight schedule and hence there will be an opportunity to ask questions at the end of the presentation the open house Q&A. I think we will allocate sufficient time for that. We have a high tea planned after the Q&A; you could utilize that time to speak with the individual leaders in case you have any follow on questions. Thank you once again for being with us here and I do hope you have a very productive day and it's my pleasure to welcome on stage Varun Gupta who needs no introduction. He will start with his opening remarks and then we will take the event on from there. Varun, over to you.

Varun Gupta: Good afternoon everyone, thank you for taking the time out for coming to this meet. I'm extremely excited to see the kind of turnout that has happened. It gives me great joy. I would like to welcome all of you ladies, gentlemen, investors, the analysts, shareholders and to those who I know its glad to see you guys again and those I don't know it would be a pleasure to meet you after the question and answer session outside over a high tea.

I would like to introduce Vikash Dugar. Vikash Dugar is the Chief Financial Officer of Ashiana Housing. He joined us in September of last year. He comes from Vodafone having a telecom background and has been instrumental in putting a capital raise in a QIP through which we did in February and this is our first meet after the same. It also gives me great pleasure to welcome him for his first meet with all of you. I will now hand over it to Vikash to take it through on the presentation.

Vikash Dugar: Good afternoon ladies and gentlemen. Thanks a lot for joining in this investor meet and we are covering this presentation basically in four parts, company overview to begin with followed by operational overview. Thereafter, will talk about projects in general and specific both and we will also talk about the financials of the company specifically for the year gone by.

Executive Summary to begin with:

1979 was the year we commenced operations from Patna although the company's headquarter is now in New Delhi and we are a pan India's aspiring middle income housing player. We also have a segment dedicated to senior living. We have operations in eight locations as of now and

Chennai and Kolkata are the new locations which are coming very soon. 17 million is the kind of development we have already done so far, approaching 10,000 satisfied families and more than 7000 units under maintenance. Couple of milestones in this journey of more than 30 years; 1985 we started operations in Jamshedpur after beginning in Patna, shifted office in Delhi, started operations in Bhiwadi. For the people who are not aware Bhiwadi is located near Gurgaon, it's basically a part of NCR although comes under the state of Rajasthan. We got listed on BSE in the same year and Facility Management Services started in 1996, first organized developer in Neemrana. 2006 and 2007 was when we commenced operations in other two cities of Rajasthan that is Jaipur and Jodhpur. Bonus issue in 2008. We crossed the landmark of 10 million square feet in terms of execution in the year 2012, started operations in Gujarat in 2014 and in the current year we have raised funds through the QIP route to the tune of Rs. 200 crores and also started operations in Sohna which is near Gurgaon. Promoters Vishal, Varun already are here, and Mr. Ankur Gupta our Joint Managing Director.

Talking about the strengths of this organization:

There are three key brand promises that we have, first of all timely delivery which is extremely important in the industry like real estate, the second one is transparency in dealings so the customer gets what he sees and third one is forever care. So the relationship doesn't end only with the sale. We maintain all our projects so we hand hold the customer even after the project has been delivered. We maintain all our properties across all the projects. We have got an in house sales team which provides us better marketing insights coupled with that very a strong balance sheet in terms of negligible debt, cash and cash equivalent very high as compared to the debt. Capital raised I have already talked about. This is followed by a very strong brand recall that we have.

Operational Numbers:

Just to give you an overview of the operations of the year gone by; while the industry remains sluggish in terms of off-take and there was a decline to the tune of 18% year-on-year basis. The execution still kept pace and we crossed the milestone of 2 million for the first time in the history of the organization clocking in a year on year growth of 23%. We entered Chennai; planning a senior living project there with the saleable area of approximately a million and this one was really big one, we got felicitated as one of the most promising companies of the next decade by CNBC Awaaz. Six new projects got launched, this includes two commercial blocks which are part of larger residential projects panning across Bhiwadi, Jaipur, Neemrana, and Sohna.

Couple of key metrics:

We already have talked about the equivalent area constructed and area booked, but pressure seen on value of area booked as a result of pressure on bookings. Average realization crossed

3000. This is how the saleable inventory in ongoing projects stack up, approximately 70% of the inventory is confined to Bhiwadi and Jaipur.

Talking about projects:

The ongoing projects when we say basically it means the projects wherein the construction has got commenced. The healthy project pipeline, six million plus kind of inventory seen there with a booking off approximately 2/3rd out of that. Some details on the key projects that are ongoing right now. Ashiana Town the biggest of them all, four million plus kind of saleable area, we also have planned a senior living project in that, Ashiana Nirmay, delivery to commence later this year. Vrinda Garden this is where we are in the partnership model with Mangalam in Jaipur, 50% profit share, approximately 1.5 million square feet of saleable area in this project, deliveries are expected to commence in FY 17 Phase-1. Ashiana Umang in Jaipur 12 lakh plus is the kind of saleable area, delivery expected in FY 17 again starting from Phase-1. Future projects, the projects wherein we are yet to commence constructions. However, in some of the cases booking has started. So a pipeline of 8 million can be seen here. Land available for future development, this has got three chunks of land. Milakpur the most prominent one which we are presently litigating against the government acquisition process in the High Court of Rajasthan so 6 million plus kind of land area that we have here in this bucket. Some of the key KPIs and guidance for FY 16 area booked and equivalent area construction that we have talked about; the growth in equivalent area construction going to continue. The revival in FY 15-16 will hinge on the fact that if there is any kind of revival in H2 which is built into this guidance of 22 lakh square feet.

The financial numbers:

Snapshot of the year gone by; top-line there was a growth of 34% on year-on-year basis contributed majorly by two factors. One was the higher revenue earned from a partnership project Rangoli Gardens in Jaipur and the other one was growth in other income due to higher profit from sale of investments and interest income. As a flow-through of increased top line, the PAT doubled while the percentage looks very high. But one got to factor in the kind of base that we have grown on which was only 22 crores. Pressure on bookings however the construction keeping pace resulting in some kind of pressure on the operating pretax cash flows. Now this is the operating cash flow generated before any kind of land payment is done or any advances for land purchases are given. Networth crossed 500 mark as on 31st March 2015 wherein the market cap crossed 2500, growth of 300% if you compare year before. QIP, we have already talked about. Credit-rating we got upgraded to A- both by ICRA and CARE wherein CARE upgraded us one notch, ICRA upgraded us two notches from BBB to A-. Some balance sheet numbers, 33 crores of long-term debt, dividend we have maintained consistency of payout yet again 25% is the payout. Return on weighted average net-worth 14%, now this factors in the QIP funding of 200 crores which we raised in the month of Feb. Gross advance more than doubled reason being the projects which are getting due for delivery in the current year that was one, the other bit was that last year significant volumes were registered in terms of sales from partnership projects.

Statement of operating results:

So this is how the operating results stack up and if you look at the gross profit in case of completed project of AHL the gross profit is around 963 where is in case of partnership firms it is 461 so that is a number at a per square feet level. Just to explain little bit in details; these are the completed projects in AHL. So we have, when we talk about the completed projects in the revenue book therein there are two parts to it. One is in the completed projects when we talk about from AHL perspective and the other one is from the partnership firms which are kind of SPVs wherein we execute certain projects under SPVs which are basically partnership firms. So they are segregated here, 1.85 lakh square feet got delivered in case of AHL and 9.35 lakh were delivered in case of partnership firm, chunk of this coming from Rangoli Gardens project in Jaipur which was in excess of 9 lakhs itself and this is basically PAT not even GP because the profit after tax flows into our top-line from the partnership firms that we operate projects in so one needs to factor in that and of course project management fees and other income, indirect expenses, PBT, tax expenses thereafter PAT after minority interests so profit after minority interest so this is how the P&L stacks up.

Little bit more detailing on the income statement:

59 crores of EBITDA is what we clocked and if you look at these numbers 12-13 onwards there is a downward trend in revenue which basically is due to the fact that we changed our methods of accounting 2011 April onwards. So this was a temporary blip. Now that the cycle gets completed and we start recognizing revenues on handing over of projects this number will start looking on a higher side and it will reflect completely there the result of the changed accounting process which has already started in the year '14-15, it will continue thereafter. So then it will show a different trend altogether. So while this accounting change has happened for us and we keep getting queries, whatever I have interacted or Varun and we have interacted with investor analyst so this question keeps coming as to how to look at the top line in our case, the profit, the sales that we report. So we have been maintaining that, we keep mentioning these three indices in our annual reports also in also our investor communication which should be used to evaluate our performance which is area booked. Equivalent area constructed; so equivalent area constructed is basically the construction activity. We express it in a common form which is understandable in terms of lakh square feet. So all the various types of construction activities that are being carried out are converted it into a common denominator to explain us to what exactly we have executed over the year so that's what equivalent area constructed is all about and of course pre-operating cash flows. So while the accounting change can be there, the method can be changed one year after the other. But pre-operating cash flow will be one consistent measure which one can use to analyze the numbers.

A snapshot of ongoing project in terms of sales and area booked:

The key point to be noted here that out of sales, out of booking which has already been done 373 crores is what precisely is going to flow-in in future from the bookings already done and if you look at the construction out of 61 lakhs, 50% of the construction has already been done. So this is how the numbers stack up in terms of booking in flows and the construction cost which is going to be incurred in future out of these ongoing projects.

Some of the accolades, CNBC award I already talked about. We also got awarded for best budget apartment again Rangoli Gardens Project in Jaipur, we also won the Bhamashah Award for excellence in education got awarded by the Government of Rajasthan third year in a row. That's it from my side. Any queries in case you have please do get back and thanks a lot for the patient hearing, really appreciate. Thank you.

Management: Thanks Vikash. We will now start the Q&A session. A small word, before you ask a question please state your name and institution you represent. Just want to let you know that this event is being recorded and the transcript will be put up on the website basis the regulations that have been put forth now for any such event. So please state your name because we are recording it, we need to know who you ask the question, from which institution the person is. So we can start the questions, in case you have a generic question you can just pose it to the management else if you have anyone specific, we have Vishal, Varun and Vikash there. You can ask a specific question to a person.

Sandeep Kapadia: My name is Sandeep Kapadia, Four Stone Advisors. Sir very generic question because you are expanding in multiple cities, I just wanted to know what your thought process is on management bandwidth, how do you manage allocation of who goes where and things like that because it's a new thing for you that's why I'm trying to..

Vishal Gupta: Well it's a question that bothers us also. I think solving the people puzzle is always the most complicated piece. One of the things that we have done is we are very conscious that we are a product centric organization, so we understand our products and when we are going to a new location we are not going to experiment with too many different types of products in the locations. One of our beliefs is that several developers have failed to go pan India because they have gone into multiple products into multiple locations so their ability to adapt, understand new markets has been therefore far more difficult. Varun currently is the heading a three year thrust and one of the most significant things that we are trying to do is how do we achieve faster growth in the new locations. So it’s one of his key thrust, it's the company's key thrust and Varun is actually heading that and he is making one page plans for different locations and we are trying to solve this concern that while we have been successful in location XYZ, how do we become successful in ABC as well? So it's a very top of the mind issue I think the problem is well recognized and we are taking actions towards the same, God willing we will be successful at the same as well.

Varun Gupta: To add one thing, Sandeep I just counter one thing. I wouldn't say something new. We have operated, we have our headquarters in Delhi and have not had a project till now in what is otherwise not legally NCR like Bhiwadi and Neemrana legally NCR but geographically considered NCR is the first time after a long time being JV partners in the couple of projects in Ghaziabad and Greater Noida that we are doing this. So one thing is there that we have been operating in locations which are diverse, Jamshedpur and Jaipur are probably as far apart as Bhiwadi and Chennai are maybe couple of hundred kilometers here or there but they are in different mind spaces. The challenge is the scope is increased significantly and the time to grow these cities is reduced to manage the growth that is there. But I wouldn't say it's completely new.

Anil: This is Anil from Continent Value Edge. See last three years you are following percentage of completion for some of the projects and completed method for some of the contracts and the metric pretax cash flows in EAC do not give the comfort on the profitability. Now we have to wait till all the projects are recognized in the book to know what is the exact profit. So can you give us some explanation over the last 2-3 years how the gross profit has moved for your project and when it is a JV project? To give a little background I was just trying to understand why the JV profit is around 460 per square feet, I understand that is PAT. But if I do a reverse calculation for your own projects I will still get 770 so why such huge difference and how the profit has moved over the last 2-3 years?

Varun Gupta: The entire reason to move to project completion accounting is we can report at some level margin numbers which are easier to understand. This year we moved to completely with all material numbers are on a completed basis so this year we could actually report the amount of square feet that was delivered, the revenue that was recognized against it, the GP that was recognized against it and PAT that is recognized against it. So one thing that is there, now going forward year-on- year you will have numbers which will give a sense of the per square feet margins which we were not able to provide earlier because you can't provide a per square feet margin on a percentage basis, the per square feet number has to come if a particular area is delivered and the percentage completion also had too many estimates built into it so the margin that was really getting factored in was an estimated margin because they all are of estimates built into that construction. My particular view right now is that the margins will expand on a reported basis, how much we will report over the next couple of years because more and more high margin projects will be come in where we have had inventory gains. How much of that margins will be sustainable, we will talk about that as we go forward but we typically are operating anywhere between 30% to 40% GP overall. So on a Rs 3000 sale price that gross profit is working around somewhere between Rs 900 to 1200 a square feet. The reason why it's lower on a partnership level is because 50% of that profit is shared with our partners who are there and only 50% flow to our books even though we calculated on the whole area because at the end of the day what we are also looking at is we are not selling a part area, we are selling the full area, we are constructing the whole area. The remaining profits actually flowing off as a sort of a minority interest or a share of let's say investors or partners in that project and so therefore the partnership level profits are lower because they are shared as a whole.

Vikash Dugar: Sandeep just one thing to add, as far as accounting of projects is concerned there is only one project wherein we are doing the accounting basis percentage completion method. So any project which has got commenced after 1st April 2011 the accounting has been on completed contract method. So only one project Lavasa Phase-1 we continued that also forms a very small part otherwise our entire accounting now has shifted to completed contract method and due to the two different business models we have tried to portray here the different margins in these two different models, there's partnership and AHL, just to give a perspective.

Anil: Is my understanding correct that the partnership on 9.35 lakh square feet is the whole area and not just your share?

Vishal Gupta: Yes, we don't have a share in the area, it's the whole area.

Anil: The current employee expenses you don't carry over to inventory, everything is expensed out?

Varun Gupta: The project related expenses, so the site engineer, supervisors who are actually involved in direct construction, let's say, an employee who is working on a site is carried to inventory, administrative employees working out of branch offices and head offices are expensed out year-on-year.

Anil: What is the other real estate operations?

Varun Gupta: Other real estate operations are the maintenance business, the hotel operations that we have and some amount of ongoing project revenues that are there, so these are fairly stable year-on-year revenues which are in the maintenance business and the hotel business.

Sharad Chandra: This is Sharad Chandra from Axis. I have three questions. First one, you talked about timely delivery. So can you just give us which was the project which was delayed and if there are none then say that none of the projects were delayed, so whatever time of delivery was given the maximum deviation was what, 3 months, 6 months, 1 year, so that is one detail if you can share with us? The second is you talked about affordable housing and you said end-users are there and investors are also there. So can you just give a rough idea in terms of what is the percentage of end-users and what is the percentage of investors in some of the projects which have happened in the last three years or so? And the last question is that you did a QIP at Rs. 225 and today the price is about 215. So this communication which you are doing with us is going to happen on a regular basis or its happening just as a one-off, to keep us updated. So if people want to track you how do we track you? Thank you very much.

Vishal Gupta: I am going to take the first question and Varun will answer the next two, is about on time delivery. The Head of Operations measures every month the number of projects which are delayed more than 60 days and each phase of every project is treated as a project, for that reason we have a total of 17 projects under construction of which 9 are ahead of schedule, 5 are less than 60 days delayed and 3 are where there is delay more than 60 days. There have been some projects where we have had exceptional delay; Lavasa is one such case where there has been delay of over 9 months. But most of our projects have either been delivered ahead of schedule, 15 to 20 days or have been under control of 90 days delay.

Sharad Chandra: Percentage if you can just tell which got delayed, 5% or you said most of them, most of them means like 99% or 95%.

Vishal Gupta: I gave you the exact numbers, out of 17 projects that are under construction only 3 projects have delay of more than 60 days, 5 projects they are within 60 days delay and the rest of the projects are ahead of their schedule.

Sharad Chandra: Why I am asking percentage is because there will be some projects which will have 10,000 sq. ft., 50,000 sq. ft., some will be 1.5 million sq. ft., so I am just asking the percentage because three projects does not make sense, it makes sense in terms of the amount of delivery which you are doing, so that's why I am asking.

Vishal Gupta: On the basis of where we would say delays to our customers of more than 90 days that have happened over the recent past the only one we can think of right now is Ashiana Utsav Lavasa Phase-I which is about 2 lakh sq. ft., in total of let's say about 60 lakh square feet under development 2 lakh square feet you can do the maths, it's about 2-2.5 lakh square feet in total where delays have been significant. Outside of that we are well within either the time committed to the customers or that 90 days, 120 days window beyond that time committed to the customer. I forgot your second question, I remember the third question on the QIP, can you repeat the second question.

Sharad Chandra: The second one was end-user investor proportion because you are in the affordable housing segment so obviously you will not have too many speculators, so what's that proportion, is it 50:50, is it 75:25?

Vishal Gupta: I will counter two things first and then I will give you data. First thing is we are not in the affordable housing sector we don't do affordable homes. We are not catering to the labor class or the blue collar worker or people who are earning let's say less than Rs. 20,000 a month or Rs. 25,000 a month.

Sharad Chandra: That we understand because Rs. 3000 per square feet is your average realization so obviously you are not in that segment.

Varun Gupta: That's typically affordable housing. The problem is in Bombay we think of 50 lakhs or a 40 lakh home in a different mind space. I just wanted to correct 40 lakhs to other Indians is of a different nature. So a) we are not in affordable housing and second we are in aspirational home, we are positioned as an aspirational home for the middle class buyer where we are in any city we expect the buyers to fork out a little bit more than they can generally afford to come to our homes, in some way they are moving either further out or some sort of a thing that we are getting the buyer to commit because we want to provide a home that is really worthwhile. The second thing I wanted to contest was the assumption that speculators don't get into affordable housing market. In my view the Gurgaon affordable housing market that is going on there would be speculation going on as I heard from another individual within the group here. Now coming back to specifically us, I would like to say there are three kinds of customers that we have. One customer is the owner occupier, end-user, actual user however you want to put it is the guy who is buying the house and is going to live in that property. He is about 40% of our customers on average they vary project to project. The second kind of customer that we have is what we would call a long-term investor or a buy-to-let buyer who is buying the property to rent out the property in future. He is looking at the EMI that he is paying as a savings tool for building up a balance sheet and equity position for him, an equity base for himself and the rent that you will earn on the property a way to sub-vent is monthly EMI outgoing and while he builds up savings. They probably contribute again 40% of our customer base again varying project to project. Let’s say Neemrana is a place where the older project which is delivered Ashiana Green Hills, they probably make up 85% of our customers because 85% of the units of there are on rent and it again varies project to project but on average about 40% there, 40% there and 20% of our customers would be what you would like to call a short term investor who is buying at the beginning of the project and reselling at the time of or just before possession with a view of making a capital appreciation in that period of time. So on the third question you asked on the QIP bit; a) we raised money on 215 and not Rs. 225 so I just wanted to put that over there. And the second bit was we want to share information from a long-term perspective. We had taken this step to move to contract completion based of accounting about 3 years ago with no view that we could raise capital in 3 years that we will become this large a company in market cap and we will be able to raise capital. The view was that whenever we want to raise capital we want to be able to disclose information that we believe is correct. According to us a disclosure of area deliveries, GPs like this will continue. Quarterly basis we may not provide this information in such detail format but in annual basis we will continue to provide this information. We might tweak it, refine it a little bit here or there as and when we believe that's an improvement in terms of the quality of information that we are sharing with the investor community.

Sharad Chandra: On a quarterly basis you are not in a position to disclose because you don't have a connection mechanism of data coming as MIS to the CFO or its coming with a delayed lag so that’s why it will not be appropriate?

Varun Gupta: Some of it is delayed, some of it is lag, some of it is not cross checked in the environment and the time that it should be correct and that it should be shared, some of it, I also believe, we are not a quarterly business. Some of the figures on a quarterly basis will vary so much that we don't look at it on a quarterly basis; I don’t think it will make sense to look at it on a quarterly basis.

Sharad Chandra: Then why are you giving a guidance?

Varun Gupta: That’s a question that we were also debating. Maybe on the square feet we shouldn’t give guidance, we could also look at that and talk about that. Maybe it’s some of it also that we started giving guidance three years ago and it's a habit we continue to give. On this year's area book numbers there is significant concern on meeting that number because it is very dependent on the market conditions improving the market conditions continue to remain weak. Also giving some guidance puts pressure on us to internally deliver which makes us a little bit more accountable as managers when we get accountable by disclosing, it puts some pressure on us to do better which I think is a good pressure to have as long it's to do better. Quarterly numbers in this business, pressure, the view is that those pressures are not much.

Vishal Gupta: Is this the specific chart you are…..?

Sharad Chandra: I am saying whatever disclosures you are doing, if you follow a format then somebody will be able to track you on a regular basis otherwise it will become a speculative game. Then somebody is going to spread rumors that it's like this and the stock will go from 200 to 300 then come down to 200.

Vishal Gupta: I don't think Varun got your question right. He was talking about this specific chart. As far as area booked, area sold, the large part of the numbers we have been giving out on a quarterly basis not from today but from the last four years and we have this Annual Investors Meet, I think this is the fifth Annual Analysts Meet that we are having and we continue and intend to have it on a regular basis. So I think he confused….this particular sheet that is up is put up for the first time that we have put it. We considered this as an improvement and added information for the analyst community and this particular chart will be given on an annual basis, the other numbers will be given on a quarterly basis.

Sachin: Sachin, from Lucky Investment Manager. You mentioned that the guidance of 22 is subject to the sentiment in market improving in the second half. So what are the two or three key parameters that you would look to gauge whether the market sentiment is improving? And in case this sentiment do not improve, they remain the way they are today, then what is the type of number that we can look forward to? Second question is, some debt we had raised via the QIP, has any of it being deployed towards an acquisition?

Vishal Gupta: Extremely difficult question to answer. What we are trying to do is also launch few more projects in which we are trying to bring some product differentiation. As far as gauging the market there are various metrics that we are looking at in the market, we have leading indicators on the number of enquiries, the number of site visits, we are also trying to see what are the new jobs that are being created or new factories that are coming up in our existing locations, so multiple things are being seen but very hard to zero in on a specific indicator. So two things we are looking at, we are looking at generally overall the market becoming a little bit better and having some fresh launches where we are also further improvising the product to the market requirements, the changing market requirements.

Sachin: But what is the number that you could look at assuming things don't improve so that at least we know what is the bare minimum you are looking to do because that is contingent on improve and which may or may not happen.

Vishal Gupta: What we are saying is we are prepared for the worst. As far as our funds are concerned we shared with you the other slide where we said that whatever construction….there is enough money that is to be received from areas sold to keep pace of the construction and deliver it on time, so therefore I don't think I will be able to say that this is my worst case scenario, I don't know.

Sachin: I am just trying to understand is that, if the market sentiments don't improve could we end up doing say 18 or 19 instead of 22 that we have guided is there a significant downside to that, that's the only thing I want to know.

Varun Gupta: Sachin, I would say there could be a downside to that. We can't give you a number because it's very difficult to say. Things are changing so fast on a monthly basis we can't even extrapolate a data that you know April was like this, let's multiply that by 12 we'll get this. May was like this; let's multiply that by …..you know things on a monthly basis are also oscillating a little too much to be really able to comment. What we see consistency in overall though as, is that visits are happening, enquiries are happening, people are not converting, people are deferring their decisions to buy. I think some of the deferment is happening where people are also fishing for deals and we are not offering schemes in deals. And the other thing that we get a handle on the market is that we also through our facilities management arm do resale and rental. Overall resale and rental data that we get on the volumes basis is also very decent and very good which also indicate a good future into the market. But right now given the scenario it's very difficult to comment as to how things will pan out. It is also coupled with a lot of launches that we expect to do. So let's see how the launches happen which we launch. Chennai we are in quite advance stages, we should launch soon. Neemrana we are expecting approvals. We are also expecting to launch a land near ICD, Bhiwadi which we expect to launch this year. So there are some launches planned also. So some information we'll get based on the responses to those launches as to how they perform, but very difficult to put a number to that.

On the QIP funds, some QIP funds have been deployed, we are in very early stages of transaction so we can't report those transactions that are in very early stages. So on a significant basis, no, the funds have not been deployed yet but we are in early stages in a couple of transactions.

Sachin: Just a follow-up on that, now that you have raised the money and you said the market is a little slow right now, are we starting to see land deals coming at attractive prices?

Varun Gupta: Attractive I am not able to say, definitely….

Sachin: Or rather are they starting to meet your benchmark?

Varun Gupta: They are just meeting the benchmark, there is at least, if I would say, one out of 10 deals which used to come at attractive that was there, now we are probably getting 3 out of 10 deals which seem that there is something that we can work on, so overall land activity and work around that has increased significantly over the last couple of months.

Aditya Bapat: This is Aditya Bapat from Equentis Capital. I have three questions. Firstly, I want to know do you actually go and acquire all the land and then start working on it or does it also function by way of profit sharing or revenue sharing kind of an agreement? Secondly, if you could throw some light on the senior living space, what is the concept exactly? And how are the margins for these kinds of projects? I am not looking for an exact number as such but vis-à-vis your usual projects. And lastly, could you elaborate on the post sales service, that business that you just mentioned is it a fixed margin kind of a business or how does it function?

Vishal Gupta: We take land on outside purchase and we do joint ventures both in the form of revenue share arrangements on in profit sharing but we are very clear we are executors in the project, so in all the projects that we do, whether it is on direct purchase or joint ventures in the form of revenue or profit, we are in the project execution state.

The second you talked about was senior living. Senior living is a residential solution for aging needs and we are getting similar margins right now to the regular housing projects. In some of our projects like in Jaipur we have the comfort homes and the senior living adjoining to each other. The senior living is actually commanding a premium over the comfort homes and going forward we expect that it being a value added product should give us a premium to comfort homes. But in today's scenario I think it's a product that we are getting more and more market awareness and acceptability and over a period of time this will definitely give us a little bit of a premium over the comfort homes and definitely a different market opportunity.

The third question you asked about was the maintenance. Maintenance while it is in a separate company, it's a department, it's a great service to the residents, it's a big differentiator for the organization and we work at a very affordable reasonable margin in that business and we don't intend to make it a big ….. It's a very small add to the…..it's basically kept to a reasonable profit for keeping enough attention to it.

Aditya Bapat: Just a follow-up question, going ahead how would the type of your projects look like, would most of them be a profit-sharing kind of thing or something like Godrej does as in the land sits with the…..

Vishal Gupta: We have not set any such thoughts or standards; it's clearly on a need and opportunity basis.

Manav Vijay: Manav Vijay from Peerless Mutual Fund. Two questions, first of all I understand that it is difficult to predict when what is going to happen but of all the locations that we are present which spots are showing you better signs and which spots are not showing any signs of improvement, that is first question. Second, is there any change in the regulatory environment that we have seen in getting approvals, has the environment changed in the last one year or so? That's all, thank you from my side.

Vishal Gupta: Jaipur has definitely been one market that specifically last year it had performed very well for us. And otherwise in this year we have seen a slowdown across all geographies. Everywhere there is a slowdown being felt. Your second question was related to regulatory environment, so in Rajasthan the Rajasthan Apartment Act is now going to be coming into force soon. A Real Estate Regulatory Act is also coming into effect soon. So there is a great opportunity there. We see that as developers who have been following a lot of good practices. It's going to be a great opportunity for us to shine even more. So there are regulatory bills coming. What we will have to make sure further is that while we have great intake we have to also make sure that we are even more and more compliant. So sometimes you are so clean in your thought process you kind of skip certain things because you generally thing that, that's okay, we are going to be doing it. So that's something that we will need to build in that the compliance happens much sooner than we wanted it to, but on the overall we stand to gain from the general market.

Varun Gupta: On the approval front its very state dependent so if there is any view that the change in the central government impacting regulatory approvals, our business is regulated mostly by a state-level authority, state-level governments and the central government has very little impact except in this situation of environmental clearances were also again state-level committees are in place. So we haven't seen any material change in the regulatory environment in terms of approvals either on the negative or in the positive in the last 12 months, it continues to be the way it was.

Sameer Patel: This is Sameer Patel, independent advisor. Going forward if we are entering new cities what will be the proportion…..I mean you said that there is no fixed rule, but what was the proportion of partnership firms to own firms say 5 years back and as we go ahead do you think that partnership is going to become more important as we enter new cities and a land bank which we used to have say 5 years back is not available now and now henceforth…..I mean my question is coming from whether we will have margin pressure?

Vishal Gupta: I am very clear that we have not been tracking that this is in the partnership and that's going to be owned. We do not intend to get into that zone and we are very clear that whatever new cities that we are entering we are not going on our own. So we entered Chennai, we got into a partnership. We entered Halol because real estate is a local subject, it requires the support and the knowledge of a local partner. We consider that one very important area to enter new markets. So very clearly in new markets our entry strategy is to partner with either local capable landowners or other developers and in the markets that we are already have got comfortable and where our management bandwidth, where we feel more confident, we are open to both the options.

Varun Gupta: Just one thing, on the bit of joint ventures and local, it can be partnerships it can be revenue share, it can be area share, it could be a deferred payment outright purchase. The idea is not to structure that transaction in a particular manner, idea is to have a local partner or someone who can help you out with local issues as and when you enter the city till you get comfort of the environment there and once you get comfort you can do straight up outright purchases. Let's say Jaipur, as an example, we were doing only partnerships till the last transaction that we did was we bought outright, that does not mean that we will not do revenue share, area share, or partnerships in Jaipur but now we got the comfort to do an outright purchase, so that's changing.

Vishal Gupta: Well, I don't think there is going to be a margin pressure. I think margins are also related to the quantum of investment. So in the case of partnership firms our investments are also coming down or in revenue share, so we are significantly conscious and we are careful, I would say, we say more no's to deal where we know that the margins are not going to be….we are very conservative on that. We do understand that a healthy margin is required for growing the business and we are not just hungry for volume of construction, we want to do a balanced growth, very clear on that. We are just qualified at one little bit here, a little.

Varun Gupta: The inventory gains that we have enjoyed over the last 3-4 years let us say we had the land and the historical value in land prices have gone up over the 4-5 years or some good deals that we did and we enjoyed good luck events, those you cannot predict whether we will get them or we will not get them. Current situation over the near term inventory gain seem a little difficult to get. So that kind of margin expansion that we enjoy because of inventory gains, those will go up. Land prices have become much more expensive over the last 3-4 years overall than we were. But that said, deals are looking a little bit more attractive today than they were looking 12 months ago and that is also happening actually.

Rishabh: This is Rishabh from Girik Capital. Just to follow up on the partnership front, you are growing so fast geographically. So how do you choose your partner because land is such a sensitive issue so you can get legally entangled very easily?

Varun Gupta: So hindi mein 'ache log honay chahiye'. So basic idea is we like the guys; we do our ref checks on the people; we get good references; we use our networks to do reference. You go meet people, you understand what they talk about like in that meeting like the way you would go meet the management team and take a call on that management team, we also meet individuals and take a call on those individuals in the same exact way that you guys do it. It is the same exact process. Sometimes you are right, hopefully will not be wrong and it is probably more important than scouting the land, I think that is also a very important thing. And god willing we have been very lucky and hopefully will continue to be lucky to have found such good partners over the last many years.

Huzaifa: Hi this is Huzaifa. I am independent advisor. My question to you is as you mentioned earlier we categorized ourselves as a consumer play. We are a product than being into the real estate space. I think that is something which differentiates us from the overall real estate industry which is a slump as you said and we are far better than what is happening in the industry. Do you see that happening going forward as well? Do we position ourselves in that category where in there are few competitors who position themselves specifically in that way and that is creating a lot of brand value for the firm, that is how I think adds value to the brand Ashiana? And from the listed space I would like to ask, where do you see any direct competitions in our particular segment that the kind of products that we are delivering in the real estate space? And the second question is on equity dilution. I just want to understand what is your thought process on raising money further on buybacks, dividends, very generic what is your thought process? So are we looking more dilution in the foreseeable future?

Varun Gupta: On the first bit of on the consumption – we are not positioned as a consumption play or investment plays positioning is one thing but homes are a consumption item as well. All of us consumes homes, all of us here whether we consume it as owners or we consume it as tenants we consume homes. Real estate space gets consumed. You consume office space, you consume retail space. There is a consumer who is utilizing that space for the certain amount of time. Homes have a significant consumption. The thing is real estate the odd part is it behaves both as an investment asset class and the consumption asset class as a play like stock behave only as investments, bottle water only behaves as consumption. The moment it behaves both as a consumption asset and investment asset, it becomes s little complicated. But at the end of the day, even if you are in the investment demand positioning and you are selling to investors, at the end of the day his exit, it has to come from a consumer. Either the consumer will tenant it out and pay him over a period of time via rent or he will come and buy the property out to as an owner or occupier. Anything that is going to happen, at the end of the cycle there has to be a consumer of that home, to come in and provide that space. Investors provide finance; they provide a lot of other things. So we are in the consumption play. The consumption is where you really need to apply our mind as well as to who will consume his house; how he will live in it, where his kids will go to school; where he would go to work; what is his age profile; how many kids does he have, so that thought process is from a consumption angle as to user of that space. On the second bit on the capital raised, we do not have any plans to raise the capital in the near term. We cannot talk about the future as to how it would be. Dividend we will be continue to be fairly stable as to where we are, we do not see any expansion or reduction in per share dividend. And on the buybacks we have not applied our mind and at least in the short term we do not want to apply our minds. You know if the capital raised took a lot of energy beyond the point we want to apply our management time and energy to what we know really best is to run our business which is for our customers to build good quality homes, sell good quality homes and do whatever is required to do and maintain good quality homes. So right now we wish to apply our mind more on that side of the business. We are not thinking on these routes much.

Mihir: Hi, this is Mihir from Concept Securities. My question is, it was ongoing conversation about partnerships if you can share particular partnership with others. Do we share some operational responsibilities with them? Other thing is that when we talk about Ashiana in selling we do have a direct touch with customers. Now when we enter into partnership with others do we sell through them or we maintain our unique approach in selling, can you please throw some light?

Varun Guta: Till now we have been taking the responsibility of selling. With our partners specifically in new markets the expectations have been that as far as getting the land approvals and helping us out on getting plan sanctions and in certain cases also helping us discover new vendor development, so we have taken their support for the same.

Mihir: Can you share some specific projects where we do share construction responsibilities with them any kind of?

Varun Gupta: We have not shared any responsibility, the construction has been taken care by Ashiana, it is the projects that we are executed. So after the approval stage right from conceptualizing the project, marketing it, selling it, constructing it, and then subsequently managing it, that we are operationally responsible. That is the strength we bring to the table; that is what the landowner of the other developer partners with us for, so that is his expectations from us.

Mihir: And you think that the same will continue in future as well?

Vishal Gupta: As long as we continue to do what we do well, I am sure that the partners on the other side will expect us to do this.

Sharad Kumar Shah: Hi sir, my name is Sharad Kumar Shah. I am from Exchequer Solution, my one question which was asked by somebody earlier that delayed project, you have said below 60 days, more than 9 months, whether a project which are delayed more than 9 months is basically because there is no demand and this is my first question and the second question is land purchasing and other things, basically when a land is acquired by some people and you provide accommodation to them and the extra FSI you use it for your profit, whether such projects you have done or not, that I would like to know.

Vishal Gupta: I will answer your first question Sharadji. The first part is that the delay that was specifically in the case of Lavasa and the Lavasa Corporation had to go through some regulatory challenges due to which the project was shut for more than a year, so both demobilization and remobilization of the project took the project off gear. But the delays can happen for multiple reasons including non-availability of material sometimes or non-availability of labor. But one thing is for sure that we have not had any delay of project because we have mismanaged the money where the customer fund has been taken and used for any other purpose, so whatever delays we have had is probably an operational challenge or legal challenge.

Sharad Kumar Shah: See, it is only whether it is lack demand.

Vishal Gupta: The delay in this particular case has not happened because of lack of demand

Sharad Kumar Shah: Normally you see what happens in Mumbai, basically they call it as a developer. Those who occupied the space, they have got their own flats and other things developer purchase this particular land along with their flats and once he develops he accommodate them in that building and extra flats what he constructs, he sells and makes profit, whether you do such type of work?

Vishal Gupta: So we have not done anything as of now till date, whatever in fact we are one of the few developers who have not consumed FSI in most of our projects, so we have lots of FSI lines available in multiple old projects and we have no intent to consume those. Those projects are over done with and we are moving to the next ones.

Varun Gupta: And the other bit, as I said in spending management time, we do not want to spend management time right now, managing 100 flat owners, whether right or wrong we do not want to spend our energies in that direction at all. So we do not look at those transactions at all.

K.S. Batra: Sir, I am K.S. Batra. I am an individual investor. I have just one query. Government introduced last year that there will be some taxation on the unsold finished inventory because I came a bit late, just wanted to know our total finished inventory? Thank you.

Varun Gupta: One lakh square feet of unsold finished inventory is there.

K.S. Batra: So we will have to pay some taxation in case we are not able to sell the same?

Varun Gupta: The taxation of imputed rent basically, they are saying that you are earning rent on this and putting that together, we have not had any instance over any notice or any of that regards, we have not gone and paid any tax on that. Again I think they were very individual cases. I do not have enough information to comment on that sale, but at least we have not been served with the notice in any way or we have not been advised or been opined by anyone to pay tax on the same.

K.S Batra: Will it put some pressure on the builders to sell the flats at bit discounted rates?

Varun Gupta: If it comes in place, given the rental yields in the country and then tax on it, I do not know how much of an impact it will have given the imputed rent calculation on the same. But I would not comment on it further do not know enough to comment on it.

K.S. Batra: Okay sir, regarding the unsold inventory can you please give me the breakup of that site wise?

Vikash Dugar: It is basically available in the previous presentation that we had put on our website, chunk of this is lying in two of our projects, one is Lavasa of course and Treehouse Residency in Bhiwadi is the other project wherein there is some finished unsold inventory. So only these two projects, significantly may be little bit in two or three other projects but that is negligible.

K.S. Batra: I have one more query, finished goods inventory unsold what we have, rather in the surrounding area prices has come down, number one or otherwise the prices at which we launched the project and the current realization has it gone down somewhere or anywhere in any of our sites?

Varun Gupta: None sir. In both Lavasa and in Treehouse Residences we are on a substantial up on the launch price.

Ravi Purohit: Hi my name is Ravi Purohit. I am from Securities Investment Management Private Limited. One of the things that you mentioned at the beginning of the presentation is that a lot of other developers focused multi-product, multi-location. For us it is single product, multi-location which basically gives us a significant headroom or scalability to grow. So now the growth can come in two areas, one is entering newer geographies and second is improving our turnarounds on existing projects basically killing the time to turn around, converting raw material which is your land into a fresh product which is the house. So entering geographies demand is something that is not in your control. What is in your control is cutting down this time or improving up on efficiency on this. So how have we progressed on this over the last let us say 3-4 years or 5 years and where do you see yourself in terms of this turn around capability?

Vishal Gupta: Good question. I would like to address both. So we have actually reduced our construction cycle from in the case of buildings which are up to 45m, so typically we are doing two models up to 15m and 15m-45m, by nine months. So we were taking almost 3 years to complete buildings of 15 stories. We have now been able to achieve the same in 2 years and 6 months. And in the case of 15 storied building we were taking 30 months, we have cut that down to around 22 to 24 months. So we have been able to make significant improvement in our time cycle by sticking to products that we understand better. So there is less learning involved and because we are doing it repeatedly. The second which is very important Ravi is also the ability to sell. So the needs of and the way a customer of Maruti needs to be serviced is different from how the expectations and the service requirement of a Mercedes purchaser. I think that is also something that you need a very strong handle on and specifically since we have a lot of in-house sale, we have also tried to understand the need and requirements of our core customer better. So that every time we go into new geographies we have a better handle on our core customer and surprisingly we think that geographies make a lot of difference on customer requirement is not very true. So the core customer of Jamshedpur and the requirement of my core customer is Jaipur is more or less similar.

Ravi Purohit: Basically one of the thoughts one has with, if you look at lot of listed real estate companies in India barring let us say a probably a Godrej Properties or a Prestige who have crossed this 4..5 million square foot annual delivery run rate. Most of the companies have kind of grown from let us say, less than a million to hit 3-4 million and they get stuck there, and they have been there for last 4-5-6 years. We are now entering that space. We are now reaching the 3-4 million band for us to basically reach our goal of let us say, 5 million or 10 million, we will need to do something more, something different. What in your mind is that something more something different?

Vishal Gupta: So one of the very significant thought process, I mentioned earlier that even Varun is right now heading that particular thrust of making new markets happen faster and establishing ourselves in new markets because one of the challenges we also feel is that, in the market that we are already very strong, we are going to hit the volume pressures. So there is a certain amount of volume that we can achieve. So we are trying to grow new cities and trying to see if we can get new volume coming from fresh geographies. So that is the whole idea. That is the exact reason while we are trying to create an organization which can handle multiple locations more efficiently.

Ravi Purohit: And reducing your construction cycle will also enable that to happen?

Vishal Gupta: Absolutely, see the construction cycle is also a clear thought on our brand promise of on-time delivery. So keeping that in control also helps us and then of course turning the project around faster and getting an edge in the market because the real estate industry is anyway is known for delays and we have been able to establish ourselves as a brand which is delivering in time and sometimes even ahead of, that we have actually had challenges where some of customers are saying that you know you are asking for your installment way too fast. So we have had those challenges.

Varun Gupta: Ravi, just one thing. I think the most key even in the growth of new cities and everywhere is going to be our capacity to attract, retain, develop, and empower people. The right kind of people you know and giving them decision making authority, developing and growing them further and retaining them is going to be, according to me a very key aspect of going forward in growth. One of the challenges that this industry has overall otherwise suffered, is not a very attractive place for talent. It has changed over the last 10 years but I think that is going to be a very important pieces. Go ahead with your question.

Ravi Purohit: Just two follow up questions. One is on this construction cycle, what the global benchmark like in terms of companies which let us say are delivering 10 million square foot a year or 5 million square foot a year, what kind of turnaround time do they have and do we have any thoughts on that as to some new technology or some new work that we are trying to do or we have adopted something else and second question is in the last 4 years we were in a timeframe where it was beneficial to us to finish our projects ahead of time, for the first time in last 4 years we are entering a phase where a project is half sold for us and there could be a case where the remaining may take some time to sell, but you will have pressure of delivery and one of the brand equity promises that we have is we deliver it on time. So here is a situation where you have 4 large projects, 50% sold but the remaining 50% is struggling to sell but the timeline is about 15 months from now in terms of delivery. How do you deal with that, do you go head and finish it off and therefore basically sit on that large inventory means a lot of working capital investment?

Vishal Gupta: Excellent question Ravi, so that is by phasing our projects. So we phase our projects depending on what we anticipate as a good run rate for sale and we phase our projects in 2 to 4-5 phases. So that is how we really manage that. So in the Phase-I we want that critical facilities services and Phase-I is ready, so that is essentially how we are managing. And apart from that you talked about the speed. There are other countries which we are finishing, we had just gone to

Malaysia where they were finishing 40 storied buildings in 3 years with a lot of interior fit outs much faster, but what we understand of the market today and however, we are seeing other players – we do not see a necessity at the moment to invest more time on speeding our projects but maintaining the speed. The next three years we are actually spending, trying to spend more time on improving the overall quality of the product. So that is the real focus, I do not think given the cycle that we have achieved, at the moment the market necessitates us to decrease the construction site.

Varun Gupta: So Ravi I will just add on the first point. The problem of working capital getting blocked in unsold finished inventory that you are talking about, may be WIP is a problem that is visible. Hopefully the problem will be small, but where projects are phases are sold 50% and the remaining phases are sold, we will complete the construction and deliver on time or the intent will be to complete the construction and deliver on time. The idea behind at this point o time, our strategic thought is in the down cycle it is very important to build the brand. This is where credibility is tested, this is where customer belief improves, if we do not deliver in these markets, then we are good when the going is good only.

Participant: And just follow up on the same thing, I think we still had some pricing increase in the same project in Bhiwadi despite the kind of volume we did, so don’t you think it is discouraging the slow demand there. And secondly from the industrialization of the area, if you see some of these plants are adjacent – Dharuhera, Manesar, Alwar and all and all these are very well connected to places that are in a close proximity. So there could be a lot of possibility that there could be, real estate demand could be catching up in all the pockets and not just one Bhiwadi as one central force, so you see that also as a threat?

Vishal Gupta: From a price perspective Bhiwadi is still far too attractive from other competing geographies, so we are still less than half of the price of Gurgaon.

Participant: Not Gurgaon, may be Dharuhera, Alwar, and Manesar.

Vishal `Gupta: Dharuhera also from both infrastructure and price perspective will be more competitive, both land cost and allied charges of government plus the size of apartment due to density norms are significantly higher in Dharuhera with worse power conditions. So in our view Bhiwadi has got a significant edge over the Dharuhera market and Alwar is not competitive, Alwar is going further away from Delhi and I do not think it is a competitive market. It will be considered in the competition sense.

Participant: Okay and secondly the entry into the Chennai market given that we believe in lot of construction and managing the asset even the post-sales kind of a thing, do you think having one project far away from our main belt, would that decrease or will that impact that overall cost efficiency parameter which may have and secondly on the construction part which we discussed that we have improved on the total construction period and does improve construction period, weak demand would continue to impact the capital requirement of the business going forward?

Vishal Gupta: See for the movement we have phased down the projects into smaller phases, we are getting over this risk of over deploying capital. That has been minimized. It is not negated but it has been minimized. Secondly the reason for choosing Chennai was also that it is probably the most promising market for the senior living space. We did a very thorough research and it has more number of urban senior and then a lot of north INDIAN states put together except UP. So you know if you put the state of Delhi, Haryana, Punjab, Himachal, Uttaranchal together Chennai has more number of urban seniors added with that with the much higher per capital income, so the choice of Chennai has been done on a good quality research and we need to create bandwidth going forward if we need to grow the business, So I do not think these are choices, we just need to be in our comfort zone to be able to grow.

Varun Gupta: There was an assumption that it is only one project but the idea is to enter into a city and be there for the long haul. We have not gone there for this project, we have gone over there that will become established and do many more projects in that city and that is the idea going forward and therefore one of the key things is that it is just not for the project. So there are opportunities where we think senior living one project might do well somewhere but we say no to those because we have the view that the long term aspect of those cities is not sustainable. Chennai is a very large city where we can do regular homes as well in the future.

Rishabh: Hi sir, this is Rishabh from Girik again. Just one question, what is the average annual income of buyer, I mean Pan India just a ballpark number?

Vishal Gupta: Average of monthly income?

Rishabh: Any yearly income.

Varun Gupta: Rs. 70,000 to Rs. 1,30,000 on a monthly basis.

Participant: Coming back to the inventory gains you said that in the last 3-4 year you have lot of inventory gains. So taking a normal case scenario when you go for acquisition of land and seeing the possible price that which you can sell, what is the average gross profit which you factor in while paying for the land?

Varun Gupta: We factor in a 30% gross profit margin without considering any inflation or inventory gain, as if you do a today’s snapshot, today’s pricing, today’s cost we factor in a 30% gross profit margin while…

Moderator: Vishal, you just want to say a few closing words?

Vishal Gupta: Thank you. The questions teach us a lot and help us. Keep asking the right questions and sometimes when we do with success certain amount of arrogance or complacency does come in, I am very happy that we are asked hard questions. Please do continue to ask us these hard questions, I think it will always help us improve. I am just grateful for you guys to take out the time and make us think. Just request you to keep doing that. The harder questions you will ask us, I think it will make us look into things deeper and try and improve more so please do it and thank you for that. Please do join us for tea, happy to take any informal questions over tea. Thanks a ton.

Moderator: The presentation is already been put up on the website, so in case anyone wants it you can just download from the website. Thank you once again and thanks for coming over.