"Ashiana Housing Limited

Q1 FY27 Earnings Conference Call"

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MODERATOR: **MS. KUNJAL AGARWAL – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Ashiana Housing Limited Q1 FY27 Earnings 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Kunjal Agarwal from Arihant Capital Markets. Thank you, and over to you, ma'am.

Kunjal Agarwal: Hello, and good evening to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining into Q1 FY27 earnings conference call of Ashiana Housing Limited. Today from the management, we have Mr. Varun Gupta, the Whole-Time Director; and Mr. Vikash Dugar, the CFO of the company.

So without any further delay, I would hand over the call to the management for their opening remarks. Over to you, sir.

Vikash Dugar: Thank you. Good evening, everyone, and a warm welcome to all of you for joining our earnings conference call for the first quarter of financial year 2027. The real estate sector entered FY27 on a more moderated note after the strong momentum witnessed through FY26.

Residential demand across key markets softened somewhat during the quarter, weighed down by global economic uncertainties and a cautious wait-and-watch approach among some homebuyers. At the same time, developers continue to remain confident in the medium to long-term outlook with new project launches holding firm and prices remaining resilient across most markets.

Premiumization continued to be defining trend, with buyers increasingly gravitating towards larger, well-designed homes from established and financially disciplined developers, reinforcing the ongoing shift towards organized and branded players.

The Senior Living segment continued to remain relatively insulated from these broader demand fluctuations, supported by structural demographic-led growth drivers. Changing family structures, rising urbanization and a growing preference for community-based living among senior citizens continue to strengthen the long-term case for this segment.

With organized supply still limited relative to the size of India's aging population, the opportunity for established players in this space remains significant and largely unaffected by short-term cyclicality in the broader housing market. I will now take you through our operating highlights for the quarter, followed by our financial performance.

Starting with our operational performance for the quarter. The company recorded a booking value of INR358 crores during the quarter gone by, with 3.6 lakh square feet of area sold across 234 units. While bookings moderated compared to the exceptionally strong preceding quarter, our collections remained healthy at INR409 crores, registering a 6% year-on-year growth, reflecting sustained customer confidence and strong collection efficiency.

Average realization also improved significantly to INR9,923 per square foot, representing a 37% year-on-year increase, driven by a favorable product mix and continued pricing resilience across our portfolio.

During the quarter, we made a significant investment towards our future growth pipeline through acquisition of 28.55 acres of land at Vadgaon, Maval in Pune. This is the largest ever land acquisition undertaken by the company for a Senior Living project with an estimated saleable area of approximately 20 lakh square feet and a potential sales value of around INR1,800 crores.

On the execution front, we commenced handover for Phase 1 of Ashiana Nitara in Jaipur during the quarter, marking another important milestone in our project delivery. Overall, we continue to make meaningful progress across the key pillars of our long-term growth strategy by maintaining a diversified geographical presence, expanding our Senior Living portfolio, strengthening our development pipeline and progressing steady on project execution.

Coming to the financial performance. Revenue from operations for the quarter stood at INR107 crores compared to INR293 crores in Q1 FY26. Revenue recognition in Q1 FY27 was primarily driven by handovers at Ashiana Nitara in Jaipur. Higher revenue in FY26 was attributable to more deliveries.

PAT for Q1 FY27 was lower vis-a-vis Q4 of FY26 due to lower deliveries. Importantly, our operating cash generation remained healthy during the quarter at INR121 crores compared to INR108 crores in same quarter last year. This reflects the strength of our collections, disciplined execution and efficient working capital management despite lower reported revenues.

We also commenced the redemption of NCDs issued to ICICI Prudential Mutual Fund during the quarter, INR31.25 crores, representing 25% of the original issue was redeemed. Overall, while the reported revenue for the quarter was impacted by timing of project handovers, the company continued to demonstrate healthy operating cash flow generation, maintained a disciplined approach towards capital allocation and strengthened its development pipeline, particularly in the Senior Living segment.

With this, I would like to open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rohan Joshi, an Individual Investor.

Rohan Joshi: Hi sir. Am I audible?

Varun Gupta: Yes, you are audible, Rohan.

Rohan Joshi: So thank you for giving me the opportunity. So my question was on the line that the quarter 1 bookings suggest a back-ended year versus the full year target. So I just wanted to know that which specific launches are expected to drive the bookings in H2? And like what gives the confidence in hitting the FY27 guidance that you have given in the previous con-calls given this soft start?

Vikash Dugar: Varun ji, are you there?

Varun Gupta: Yes, I am there. Vikash, why don't you take it?

Vikash Dugar: Yes. So you're right that the quarter 1 has been relatively softer, but we have got launches lined up. And there are a couple of launches lined up in Q4 that we have in the present year.

Rohan Joshi: Okay. Sir.

Varun Gupta: I will just come in, sorry. In July, we took out an operational update. So in July, we had a great launch of a project called Ashiana Oma. So as of 31st July, our full year sales had reached to about INR859-odd crores. So if you look at the July month was better than actually the entire first quarter.

So I would say in the first half itself, exit September 30th, we should somewhere be between INR1,050 crores and INR1,100 crores of sales. So run rate will be maintained from there on. And in the second half of the year, the big launch that is lined up is Ashiana Aaroham's Phase 3 in Gurugram. That will be critical in taking us through to the guidance. So that will be in either Q3 or Q4 of this year.

Rohan Joshi: Okay. Got it, sir. And sir, my second question was regarding the presales growth that we will have. So presales grew very well last year as we have seen. So what is the sustainable presales trajectory from here onwards for the next three to five years?

Varun Gupta: So on that front, we are not as looking for sustained presales growth in the near term. I think what we are planning is what do we do in the long-term thing. So we might have actually a little bit of dip in presales this year or the next and then, let's say, let's get back to a certain number in FY 28-29 or FY 29-30. A little bit of that is being driven by a little lack of inventory to sell coming up in Gurugram and Jaipur andBhiwadi, some of our key markets in the regular housing space.

This is primarily happening because the company is shifting more and more capital towards the Senior Living space, where we see a much longer, deeper opportunity. So I think in the Senior Living space, we are looking for about 25% CAGR to be maintained over the long term, though at a low base, we had started about INR100 crores five years ago and presales of about INR570 crores last year in Senior Living. And we are looking to really, really actually expand that even at a faster CAGR than that.

So for a couple of years, you may not have very large presales growth or that, but we are comfortable with that because we are seeing margin expansion and ROE is now, as we had guided earlier, we are looking to get to at least 15% ROE. We can see 15% ROE sustaining going forward and with an increasing capital base because we do not intend to dividend out most significant amounts of capital. Dividends will remain the way we are growing a little bit.

So I think the company's focus would be on maintaining that ROE trajectory doesn't fall below 15% and sustains above 15% year-on-year every year with a little bit of fluctuation here or there in the presales or topline and stuff like that. So that there is compounding of the net worth happens over a long period of time. I think that's the intent. So I just thought I will put that out there. That said, I think Senior Living, as I articulated, we expect to see strong momentum in Senior Living sales going forward.

Rohan Joshi: That was informative. Thank you so much.

Moderator: The next question is from the line of Rohit from iThought PMS.

Rohit: I am sorry, I just joined when you were answering question, Varun. So I am sorry if I missed it. So when you were giving the update on the July month, that was for presales. Is that correct?

Varun Gupta: Yes.

Rohit: So then just following on from there. So this year, you are confident of holding on to that INR2,500 crores kind of presales for FY27. Is that correct? Because I think you said there could be a dip in the near term.

Varun Gupta: I think INR2,200 crores is what we are targeting.

Rohit: Sorry. INR2,200.

Varun Gupta: INR2,200 we are confident of holding it this year. At this moment in time, it looks good. We should exit H1 at about INR1,100 crores, as I indicated, between INR1,050 crores, INR1,100 crores, given that we hit INR860 crores by July. So INR850 crores.

Rohit: Right. Okay. That's good to hear. And sorry, just one, two small things. So one was on this Bengaluru CPs that we were looking at. Anything further on that? We haven't heard any update. So I just wanted to check.

Varun Gupta: So there has been progress, Rohit, on the CPs being resolved in Bengaluru. I am hoping that we should have the final definitive documentation signed off sooner than later. So there has been progress there. And we have actually put a team deployed two people there on team who are gearing up to make things ready to get the project launch going. So I am quite confident that South Bengaluru should happen soon.

Rohit: Okay. This is in South Bengaluru, got it. I just wanted to check where you are in Bengaluru.

Varun Gupta: This is on Kanakapura Road.

Rohit: Right, I forgot. I think I remember the listing that you had posted when you had acquired this, when you had given this notification. So sorry, one more question, Varun, was, so I mean, if we were to look at the presentation where you give quarterly delivery, of course, it can change here and there a bit. But it seems that, I mean, you said 15% ROE. I think we were 15% ROE last year also or just about there.

Varun Gupta: Yes.

Rohit: So, I think based on what you are saying and what, I mean, given the margins can significantly increase from here, given the projects that we have for delivery, they must have very good margins going forward because of the realization growth and in general operating leverage. So, I mean, is it not fair that we will probably cross 20% ROE this year on a reported basis?

Varun Gupta: Yes, that is fair. So when I say 15%, the goal of the company is to make 15% ROE the floor ROE on a long-term basis. And have years higher than that. So the first was to get to 15%, but the strategic objective is to make that the floor, and figure out how do we do that.

Rohit: Sure. No, that's a very well taken point given the fact that it's a very cyclical industry. If you are able to do it, then I think it will be a phenomenal achievement. Varun, I understand and I think we have spoken on this in the past few con calls that you are not so much driven by the...

Rohit: Sorry, I was saying that, I understand your point that you are not so much fixated by the presales growth, at least in the near term. But even if you were to sort of, let's say, one, two years, you are not going to grow because we do not have that much inventory.

Rohit: Yes. So, I was just saying that while I understand your point on not going to presales immediately and we will not have the inventory. But how do we sort of, in the quest of trying to balance that 15% ROE aspiration and also grow because ultimately, that is what all of us also want as a company.

So how do we balance that? I am not saying that we should, I mean, of course, we do not have land, we probably get land in the next one, two years and subsequently launch. But just to understand from your perspective, let's say, three, four years out, how do we sort of ready ourselves to grow from this INR2,200 crores, INR2,300 crores presales that we will sort of be at given the inventory position, how do we go from that level to the next level whenever that happens, let's say, three, four years? So, any thoughts on that?

Varun Gupta: Yes. So, Rohit, two things. If our capital base is not reducing, if you are not dividending out our capital or doing buybacks, which we do not intend to do, and we are looking to increase our capital base. There is no way ROEs can sustain without earnings growth, right? That's sheer mathematics. For ROE to sustain, we will have to have long-term earnings growth. So, from a long-term perspective, we do want to get to, let's say, in the medium term, maybe INR3,000 crores, INR4,000 crores of presales we will need to hit.

All I was saying was, momentarily for some quarters of challenge we could go through if that sustained momentum will take to get there. And I think the strategy of the company is, okay, let's invest more and more in Senior Living because we see that as a structural business. So the change is, and second, less cyclical because it's a structural change because of the change in the demographics.

It's less cyclical because it's less competitive with less supply on the table as of zone. And we have a sort of a significant advantage of being a pioneer there and having our sort of brand placed and everything. So the long-term earnings growth and also presales growth is going to be driven by how Senior Living does.

And right now, it's a small base, but as we increase the Senior Living piece and the pie and when that increases, when it becomes a larger part of the business, it will just keep driving the growth of the business is where we are coming from. So let's say, FY 29-30 target is actually to look at INR1,500 crores of presales from Senior Living itself.

And once that kicks in, I think then presales growth will happen. So, we are looking at a couple of quarters of maybe not as much top line growth. And through those quarters, I think, though, we will continue to have reported earnings doing well. We will continue to have reported ROEs doing well. We will continue to generate positive cash and deploy into Senior Living.

So, we have already deployed into five projects. Four right now 51 lakh square foot odd, which we have in the future pipe, the Bengaluru one coming up. We are in active discussions for a few more. I think maybe get to a first place would be to get to about INR10,000 crores of GDV in Senior Living. Once we have that, I think then we can see just Senior Living driving the momentum of the company going forward.

I think that's the basic key. So I think we will need to INR3,000 crores, INR4,000 crores of GDV of presales, probably closer to INR4,000 crores in the medium term to be able to sustain those ROEs, and instead of just saying that instead of a straight-line path that there is, there's maybe a little bit of a dip for a couple of years, and we can live with that and pick that up. I think that's the basic thing.

Rohit: Fair Enough . All the very best and Thank you

Varun Gupta: Thank you Rohit

Moderator: The next question is fom the line of Chetan Thacker from M3 Investment Private Limited. Please go ahead.

Chetan Thacker: Sir, just a question on the ROE. I think earlier we were highlighting a 20% plus ROE. And today, you've commented that long run, it remains 15%. So, what has changed between those two assumptions?

Varun Gupta: Chetan, maybe I'm wrong, but whatever I remember, we have been talking about getting to 15% for the longest time, and we hit 15% last year in reported earnings. Maybe I'll go back and check the transcripts if I've said otherwise. But that said, as was on the current call, previous question, I think this year, we will hit 20% ROE, and we should hit 20% ROEs for a few more years given the plan that we have in place. I think that is something that we can do. But as I said, 15% ROE has been the long-term goal, that's the minimum rate that can happen and sort of compound that going forward. That's been the intent, 15%.

Chetan Thacker: Sir, structurally, how should we look at the ROEs when we build it up from a project to the ROE perspective? So how does the project margin change for you more longer run, not just for a year or two. But how does the project margin change for you, which gets you to 15%?

Varun Gupta: I think if we are able to achieve about a 30% gross margin.

Moderator: Hello, sir, your voice is not audible. Hello, Varun, sir.

Varun Gupta: Okay. Vikash, why don't you take this up?

Moderator: It is better.

Vikash Dugar: If you want to continue or else, I'll join in.

Varun Gupta: So, as we generally target about a 30% gross profit margin at the project level, about a 12% SG&A and 18% PBT margin and 12-13% PAT margin. If we are able to sustain that whenever whicheveryear, I think overall, generally, our ROEs should translate into the teens. And if we are able to improve the margin profile further from here, then that takes us about 20%. That's the general sort of view for me.

Chetan Thacker: And levers to improve the margin, would it be more pricing power given the brand and given how we are placed in the Senior Citizen market, that would be one key lever? Or are there any other levers as well there?

Varun Gupta: So square foot pricing power is definitely a key lever in Senior Living. And what we are also intending to do in Senior Living is increase our product profile into a little bit more higher-end segment. So, if you see our pricing has been increasing on a ticket size basis. Also, we are going up to more premiumized products. As Vikash ji had mentioned in his opening, premiumization remains the same. So, as we premiumize our products and enter higher sort of category of products, there also margin should improve.

Vikash Dugar: If I may just add to that, Varun ji, I think the other factor is the operating leverage fully playing out in the long run because if we are talking about the Senior Living, which is relatively more resilient towards cyclical fluctuations. So that attains a critical mass, something like INR1,500 crores of presales that you talked about, the kind of operating leverage which will flow through will also give a sustained kind of impact on the margins in the long run and hence the ROEs as well.

Chetan Thacker: Understood, sir. Thank you, sir. That's helpful.

Moderator: The next question is from the line of Ankit Shah from White Equity Investment Advisors. Please go ahead.

Ankit Shah: Thank you for taking my question. Sir, apart from Bengaluru, any other business development near closure, particularly in Jaipur, Gurugram, if you can share something.

Varun Gupta: On the business development front, we have active conversations going on in Jamshedpur, something in Chennai, something in Mumbai, Pune, in NCR. I think we should get something done in a small thing in Jamshedpur, hopefully sooner than later. And outside that in Bengaluru, things are in advanced stages of discussion, but they are still in discussions. I don't think we'll have any announcements in the coming quarter, but hopefully, in the third quarter of this year, we should announce those transactions as well.

Ankit Shah: Okay. That's it from my side. Thank you.

Moderator: The next question is from the line of Aditya Banerjee, an Individual Investor. Please go ahead.

Aditya Banerjee: Yes. Hi. Thank you for the opportunity. So, I have a few questions on the side of the revenue quality. So, my first question is like what's the underlying run rate for bookings? Is Q1 FY27, INR358 crores closer to steady state? Or is the big launch due later in FY27 to normalize the number?

Varun Gupta: So, Aditya, numbers in the deliveries are not driven by launches. So, when you're talking about quarters, that's depending on handing over and that's driven on OC. For this year, I think we give a delivery schedule and a revenue schedule that's in slide...

Vikash Dugar: He is talking about presales; he's talking about launches.

Varun Gupta: Are you talking about presales when you said INR350 crores for the quarter or you talking about revenue in the financial statement?

Aditya Banerjee: Revenue in the financial statement.

Varun Gupta: You're talking about the financial statement. You're talking about the reported revenue, correct?

Aditya Banerjee: Yes.

Varun Gupta: Yes. So reported revenues in Slide 15 of the deck, we have given an indication of how much we expect to report this year. And this year is expected around about INR2,000 crores of revenue. So definitely, Q1 and that number was not at all normal. I would also say quarterly revenues for a real estate company and quarterly profits are not so valuable because our revenues keep fluctuating depending on delivery.

So, two projects, Ashiana Anmol Phase 3 and Ashiana Amarah Phase 1 totalled about INR532 crores of revenue. We got those OC (Occupancy Certificates) in the middle of July. So, they're coming in July, August, September, we gave that update. If that occupancy certificate had come in on, let's say, 25th of June, we would have been able to recognize the entire revenue in June itself. But since it came in on 15th July, everything is, or the middle of July, not 15, in the middle of July, everything is coming in the second quarter.

Now that kind of fluctuation, I don't have any ability to control in our business, and that will remain. So Q1 was reflective, and I would say Q2 may not be reflective as well. We should look at revenues and reported profits on a year-on-year basis. Therefore, in our Slide deck, we have given a sense of what kind of annual revenue should we expect. And what we're trying to do is make sure those get met out in the year that things don't slip from one year to the other. And I think that's the endeavor that the company has at this point in time.

Aditya Banerjee: Okay. Got it. So, my other question is that according to my understanding that the units sold fell from 407 to 234 year-over-year even as the ticket sizes rose. Is this deliberate or a genuine volume slowdown?

Varun Gupta: Again, difficult to say it's not deliberate. But also, we are, as I had indicated earlier, we have some lesser inventory in some markets. So that had an impact. So, the launch happened in July, So I clarified earlier by 31st July, our overall presales for the year was INR859 crores. So, and we have guided for about INR2,200 crores this year. And I think we are on track to meet that guidance as of now. As I said, H1, we should exit probably INR1,050 crores, INR1,100 crores of presales. So things are going all right.

Aditya Banerjee: Okay. Sir, and on the portfolio mix side, the ongoing portfolio mix has shifted to Elite and Premium homes at 36% versus Senior Living at just 23%. So like given Ashiana's brand is built on Senior Living leadership, is this a deliberate strategic pivot towards higher ticket premium homes?

Varun Gupta: No. Actually, if you look at our company, even though we were known for Senior Living, Senior Living was probably 10% of our business five years ago, okay? Let's say, FY22 or '23 would have been 10% of our business, which has become 23%. If you look at deliberate pivot, I would again, on the deck, I would urge you to go to Slide number 19, which is our land available for future development.

And if you see the entire 5 million square foot is Senior Living. Bengaluru, which I just spoke about on the call, which will get added to this land available for future development, hopefully soon, is also Senior Living. So a large part of the pivot is happening towards Senior Living. Even in Slide 18 of future projects, which is phases of existing developments. About 40%, 45% of that is also Senior Living. So this mix will change decisively in favor of Senior Living in the next two to three years.

Aditya Banerjee: Okay. Sir, and I have this last question that the Kid-Centric Homes is concentrated almost entirely in Gurugram. So how are you thinking about the geographic concentration risk there versus diversifying to other cities?

Varun Gupta: So we have done Kid-Centric Homes in Jaipur as well and Bhiwadi as well. Then we have done Gurugram. Kid-Centric Homes as a concept, we are still sort of fine-tuning the recipe, if that's the way to put it, where we are learning how to differentiate the concept better as we go along. Like the Senior Living concept, we have differentiated. We have understood the model. We are in the zone of scaling it up.

Our first two really, really differentiated Kid-Centric Homes projects are in Gurugram. One in Amarah, we have just delivered Phase 1. The Aaroham, we have just launched. I think it will take us a few more years, I would say, two, three more years to sort of figure out Kid-Centric Homes better. And once we have figured it out better, I think we'll take the part of really scaling that up and taking it to more and more cities as we go forward.

Moderator: The next question is from the line of Khushi Solanki, an individual investor. Please go ahead.

Khushi Solanki: I wanted to ask about the Vadgaon, Pune acquisition. Can you walk us through the payback assumptions on the INR1,800 crores. What type of square foot per project and absorption pace are you underwriting currently?

Varun Gupta: I couldn't understand you fully, Khushi, the sound is a little muffled. Can you repeat that please for us?

Khushi Solanki: Am I audible now?

Varun Gupta: Yes, you are.

Moderator: Sorry to interrupt Khushi, your voice is not audible.

Varun Gupta: Khushi, I will say what I understood please say, yes or no, if I understood the question correctly. You said the new Vadgaon parcel that we have taken up, you were asking what are our assumptions to be able to do INR1,800 crores of revenue and what kind of annual absorption do we expect in that project. Is my understanding correct, is that the question?

Khushi Solkani: Yes, right. Right, sir.

Varun Gupta: Okay. So it's a 20 lakh square foot project. So we are estimating about INR9,000 to INR10,000 of revenue per square foot on saleable area. So that translates into about INR1,800 crores to INR2,000 crores. So that is our estimated at underwriting. Yes, and we expect to sell about 2 lakh square foot a year.

So that takes about a 10-year development time frame. So it's a little longer development time frame, but we hope to enjoy good margins here. So that should take care of overall returns from that perspective. And if things go better than expected, then I would say we could do probably 3 lakh square foot a year and wrap up the project in about 7-odd years.

Khushi Solkani: Okay. Got it. And another thing, why is the NCD funding for this land parcel specifically, while internal cash accruals given are INR785 crores net cash positioning at FY 2026?

Varun Gupta: So the NCD financing was actually done by the landlords itself. The landlords wanted to have a partial revenue share position in the project. They didn't want to sell it fully. So they were keeping a very minority stake overall. So therefore, in our view, we wanted to take the title of the full land. We didn't want to do a part JDA.

So we said we'll do a full acquisition, and we'll issue you debentures to basically mimic that. So basically, they wanted to keep a 25% equity. So they've contributed 25% of the purchase value back to the debentures. And we agreed on a 6% revenue share for the remaining, so they're getting 6% revenue share, which actually to structure the transaction.

Khushi Solkani: Okay. And what is the expected launch time for this?

Varun Gupta: About 18 months. Yes, so let's say this H2 of next financial year is when we expect to launch this.

Khushi Solkani: Okay, sir. Thank you.

Varun Gupta: Thank you, Khushi.

Moderator: Thank you. The next question is from the line of Himanshu from Steadfort. Please go ahead.

Himanshu: A small query. See, on the five, six projects what we are trying to acquire, what type of capex we are expecting? And in FY27 or let's say, FY27, '28 on the projects which are very near to completion. Near to completion means or near to acquisition, okay?

Varun Gupta: Yes. So we have a total budget of deploying about INR800 crores in this financial year, including about INR180 crores that got deployed in the last quarter. So we are looking to deploy INR800 crores for the year total.

Himanshu: And this includes all the deals we are talking right now?

Varun Gupta: Yes, it includes the deal we have done in the last quarter and all the deals that we are in active conversations with and serious conversations with.

Himanshu: And one more thing. In some of the projects, historically, IFC also used to come, okay, or we had agreement with IFC. Those agreements with IFC only for residential means can they also be partner in senior living or they will be always on the other side, those agreements still continues or it is over?

Varun Gupta: So those are partner in senior living. They're actually a partner in Ashiana Vatsalya where they have provided capital there as well. The first platform, we had fully exhausted. In the second platform, we were only able to deploy INR100-odd crores into Aaroham. But the platform time line has been over. We have not been able to deploy the rest.

Just because by the time we timed some of the projects and what their criteria for investment in these other cities outside of Gurugram were, we were not able to meet on the ticket sizes. So they have an upper cap of ticket size that they can finance of a unit. And Gurugram, we had some relaxations in place. But like in Chennai, Aranya or in Tattvam in Panvel, where they could have deployed, we were not able to meet their ticket size requirements. So unfortunately, because of that, we were not able to go through.

Himanshu: Okay. Now there are no more, funds or agreement with the IFC?

Varun Gupta: There is no active agreement with them. We are discussing with them how we can work together in the future. It's a partnership, I think both of us have enjoyed.

Vikash Dugar: We are open to future deals.

Varun Gupta: We enjoy the kind of capital that IFC brings to the table, I think it works really well for an organization like us. And I think they have also enjoyed good returns on the projects that we have been able to do. So, we are actively discussing if we can do further capital.

Moderator: The next question is from the line of Nikhil, an Individual Investor.

Nikhil: So just two questions. First, that you said that you're trying to make the business less cyclical. So just wanted to have a broad understanding that what could be the low and high of presales year-on-year? Just a broad understanding, if you could. And second is, in case of multiple projects, how does operating leverage work? I got a sense that if it's a big project, then it will work, but you are across so many geographies. How would operating leverage work? That's all.

Varun Gupta: Nikhil, So two things. One, I don't know what the high and the low of a cycle would be…

Vikash Dugar: I think at some point in time, a couple of years back, we were looking at this number. And the idea was to look at the higher top and higher bottom, what we typically call in case of a capital market cycle as well. But then that was a while ago, we looked at a number of something like 10 lakh square foot. That is a minimum that we need to kind of break even.

But then after that, our product portfolio has changed. The component of Senior Living has been increasing. So I think we need to take a fresh look as to what is the kind of number that we look at the minimum number in any kind of cycle and the maximum number we can go to.

Varun Gupta: So Nikhil, the intent has become that how do we get to a place where, we can make 15% ROEs a floor in the organization. I think at first, it was an aspiration to get there. We got there on an economic basis two, three years ago, on a reported basis last year. I think what we are looking to do is create a floor in the business of 15% return on equity.

So, we are trying to get more structural products in the portfolio where we think Senior Living has got structural tailwinds behind it as India's demographics change and I would say also the first real private sector children's of liberalization start retiring, economic liberalization of '91. And I think that's what we are playing at. It would be very hard to give a bottom or a top. And in terms of operating leverage, I think operating leverage plays out in two ways.

One, at the company level, I think Vikash-ji, when he was talking about operating leverage, he was talking about at the company level, there are a lot of fixed costs at the company level. The second way it also plays out is at the location level, if you see for any developer, they have a lot of location strength, location brand. So for us also, as we do more products in a location, our marketing costs fall.

So let's say, Chennai, it used to be around 8% in Ashiana Shubham, and we are now down to about 4% to 5% of sales and marketing costs. So as we get more steadier in a location, those things also come down. And then larger projects also helps where approvals are on time. As the phases get delivered later, we should capture some value that we have created in the product through increasing prices. So, there are three sort of levers, different levers playing out at different points of time. That's what's happening.

Nikhil: Thank you very much.

Moderator: The next question is from the line of Varun Yadav, an Individual Investor. Please go ahead.

Varun Yadav: Sir, I just wanted to know how much approximately net margins are there in Anmol Phase 3 and Amarah Phase 1, sir?

Varun Gupta: I am not sure, how muc are net individual margins. but both are low margins. Anmol, Phase 3 is also a lower margin. Amarah, Phase 1 is also a relatively lower margin because Amarah as a project has very good margins, but Phase 3 onwards, margins are substantially better than Amarah. It would be hard to comment a net margin.

I do not know how to define a project level net margin, but gross profit margin blended between Anmol and Amarah should be in the mid-20s. That is pre-selling cost and general administrative, we should be in the mid-20s. I do not think they are at the 30 level also that we expect to get. Blended across both those projects, we should be in the mid-20s.

Vikash Dugar: Sorry. Anmol 3, what we can tell you is that our margin gradually improved phase over phases compared to Q1, then in Q2 and Q3, pricing got a little better, improved, but still they were at a-Phase 1, 2, 3. I am talking about Anmol. In Phase 3, the margin was better than the previous phases, but still overall it was lower.

Varun Yadav: Yes. Now that we have possession of Phase 1 of Amarah, there is still inventory left in Phase 4 and Phase 5. Will there be any difference in that?

Varun Gupta: In what way?

Varun Yadav: Selling will become hard if there is a resale in Phase 1?

Varun Gupta: But the other value of that is that Phase 1 is ready, so our visits have increased. Our clubhouse is ready to show, , our learning hub is ready to show. So, what we were selling from the plan, model, we are selling from the reality.

Secondly, we have more end-users because in Gurugram market, we did not allow resale without registry or without possession. So, initially, the investors who wanted to sell in resale came less. Some came, but less. So, overall, the resale stock as a proportion of Phase 1 should be not more than 20%, I would say. As compared to where 80%-90% of Gurugram sales by other developers used to be traded later. So, I don't see that much pressure.

Varun Yadav: Okay, thanks sir.

Varun Gupta: Thank you.

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

Vikash Dugar: Thank you all for participating in this earnings conference call. We remain focused on timely handovers in FY2027, and on building long-term value through disciplined execution and customer-centric development. If you have any further questions or would like to know more about the company, please feel free to reach out to us directly, or you can alternatively reach out to our investor relations partners at Valorem Advisors.

The Investor Presentation and relevant materials are available on our website, and we will be happy to provide any further clarifications you may need. Wishing you all good health and a productive year ahead. Thank you.

Moderator: Thank you. On behalf of Arihant Capital Markets, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.