"ASHIANA HOUSING LIMITED Q1 FY-23 Earnings Conference Call"

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MANAGEMENT: **MR. VARUN GUPTA – WHOLE TIME DIRECTOR OF THE COMPANY, ASHIANA HOUSING LIMITED**
MR. VIKASH DUGAR – CHIEF FINANCIAL OFFICER ASHIANA HOUSING LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Ashiana Housing Limited Q1 FY 2023 Earnings Conference Call. At this moment, all participants are in the listen-only mode later we will conduct a question and answer session at that time you may click on the raise hand icon from the tool bar at the bottom of your screen to ask a question. Please note that this conference is being recorded.

I now hand the conference over to Mr. Binay Sarda from Ernst & Young. Thank you and over to sir.

Binay Sarda: Welcome to the Q1 FY 2023 Earnings Conference Call of Ashiana Housing Limited. Please note that this webinar is being recorded and the transcript of the webinar will be made available in a weeks' time from the call. The results and investor presentation have been mailed to you and it is also available on the stock exchange. In case any one does not have a copy of the same, please do write to us and we will be happy to send it over to you. Before we begin, I would like to remind you that our discussion today might contain forward looking statements while these forward-looking statements represent our current judgement and on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements which reflect our opinion only as on the date of this presentation. Please keep in mind that we are not obligating ourselves to revise the publicly release the results of any revision to these forward-looking statements in light of the information of future events.

To take us through the results of this quarter and answer your questions, we have today with us Mr. Varun Gupta – Whole Time Director of the Company and Mr. Vikash Dugar – CFO. Mr. Vikash will make his opening remarks and then we will move over to the Q&A. During the course of the opening remarks, all investors will be in the listen-only mode and there will be an opportunity to ask questions, once the opening remarks concludes. With that said, I will now hand over the floor to Mr. Vikash. Over to you sir.

Vikash Dugar: Good afternoon, everyone. Hope all of you and your families are keeping healthy. I welcome you to discuss the performance of the first quarter of FY 2023 for Ashiana Housing Limited. Thank you, for joining the call today.

The year started with promising numbers. The area book recorded in Q1 FY 2023 was 3.34 lakhs square foot as compared to 1.51 lakhs square foot in Q1 FY 2022. The value of area book went up to ₹ 152.14 crores in the quarter gone by vis-vis ₹ 52.2 crores in quarter one of the last year. Average realization went up to ₹ 4,557 per square foot in the quarter gone by as compared to ₹ 3,460 per square foot in quarter 1 last year, driven by increasing prices across projects in changing mix towards higher price projects. Villas were launched in Ashiana Tarang Bhiwadi during the quarter and also shops were opened up for sale in Ashiana Amantran in Jaipur. We handed over 2.11 lakhs square foot in Q1 FY 2023, out of which 43,000 square foot was delivered in partnerships. This was against a delivery of 81,000 square foot in Q1 FY 2022.

Total revenue increased to ₹ 81.22 crores in the quarter gone by vis-à-vis ₹ 78.28 crores in Q4 FY 2022. The higher revenue was attributable to higher deliveries in AHL which stood at 1.68 lakhs square foot versus 1.14 lakhs square foot. Total comprehensive income also improved to positive Rs. 10.29 crores in Q1 FY 2023 vis-à-vis positive Rs.9.22 cores in Q4 FY 2022. Pre-tax operating cash flows was recorded at positive 27.72 crores in Q1 FY 2023 vis-à-vis Rs. 27.48 crores again positive in Q4 FY 2022. Equivalent area constructed was at 3.85 lakhs square foot in Q1 FY 2023 versus 5.07 lakhs square foot in Q4 FY 2022 and 2.89 lakhs square foot in Q1 FY 2022.

We bought one new land parcel in Bhankrota Jaipur of 8.08 acres in the quarter gone by. Total potential saleable area in this parcel will be around 6.85 lakhs square foot. There might be delays in deliveries by quarter vis-à-vis expected customer hand over date in 8 projects which we have also shared in the presentation and in one of the projects, there might be a delivery in one quarter prior to what we have promised to the customers. On this note, I would like to conclude my remarks.

We will now be happy to discuss any questions or suggestions that you may have.

Moderator: Thank you very much. Ladies and gentleman, we will now begin the question-and-answer session. We will take the first question from Piyush Goyal, from India Capital. Please go ahead.

Piyush Goyal: My question is that given that Gurgaon Amarah project is fairly substantial in scale for your plans next few years and given the past experience in Sohna, which has been kind of a mixed bag, can we spend a few minutes on what are some of the learnings from Sohna that you are looking, to kind of make sure that Amarah is a big success? That is one part of the question, and second is what is going to be Ashiana Amarah's competitive positioning versus the peers in that new Gurgaon- Dwarka Expressway micro market versus the peers. Would like to hear your thoughts there. Thank you.

Varun Gupta: I will take that Piyush, I wish I have been quite involved actually, personally in Ashiana Anmol and Ashiana Amarah now. I think two-three learnings from Ashiana Anmol, I think in Ashiana Anmol we did not adopt our sales and marketing strategies as per the market as much. Okay, that said we did not want to copy everything blindly in the market, but I think some of the aspects of the market if we did not adopt, the moment we got that sorted I think if you will see quarter-on-quarter sales now in Ashiana Anmol, I think we sold nearly a lakh square foot in the last quarter, it has been a significant change and I think this quarter should be even better in Ashiana Anmol. We are launching Phase-3 of Ashiana Anmol as well. So, I think that second learning has been across locations, I think it, takes what we understand is now the gestation period for the Ashiana brand to get established is about 5-6 years. Here also, we launched Ashiana Anmol in early part of calendar year 2015. And, it took about till October 2020, when sales started really ramping up. But once people have seen our product and when the brand is experienced, I think we stand out a little bit from the market in terms of the kind of quality of work we are able to deliver. Ashiana Amarah has 3-4 clear positioning perspective that we have. It comes from largely 2-3 things. One is that, Ashiana Amarah and Ashiana Anmol, both are kid centric homes which are positioned as the best place to bring up your family and with the right kind of amenities and right kind of services. The other also is the brand is positioned aspirationally, it is something that you are stretching yourself to buy in the consumer audience that we have. And then, the features of the project which support these 2-3 kinds of positioning. It is the first kid centric homes that we have also done clean slate designs for which we got a master planner who is specialist in child friendly architecture. They master planned the project along with the right architect and the landscape consultant and gave them this kind of a brief to work with. So, some of the design features are also very unique around that. Second part of it is that the spaces are lot more lavish. You know the flats are lavish. There is a deck. The park areas is like, we have 6.7 acres of one single contiguous park and enlarge at the same time, the way it is designed and put together. Third is thoughtful design. And then little things have been thought through in the project. So, I think when we put all those three kinds of features put together, looking for an aspirational positioning, along with a view that this is the best place to raise your family in the entire city. And we have received RERA of Phase-1 of Ashiana Amarah which we are launching in a couple of weeks. So, we will also know how it goes from here.

Piyush Goyal: Understood, that is quite helpful. Is there sort of any, I think you started using channel partners in Gurgaon, which you otherwise do not use in most other cities? Is that going to be the strategy for Amarah as well?

Varun Gupta: Yes, we are going to use channel partners, so when I said we did not adopt sales and marketing strategies. I think the one of the things that we did not adopt in Gurgaon was using a channel partner network, and which we learned. We started in November 2019, in Ashiana Anmol and now we will continue to engage channel partners. But the thing that we really wanted to control in our existence and I think we needed to find a solution. We wanted to give the consumer the right experience and the right information, we wanted to control exactly the information that was given. And you know, which channel partners, we were a little fearful as to how much of that experience and information to the consumers will be controlled. So, what we did was we made a strategy that the sales execution phase will be carried out by our team. So, the channel partner brings in the customer, but the conduct of the visit of the project, the briefing of the project is carried out by our team. And that keeps control over the communication and engagement. And we also know our customer very well. So, we found that solution and we continued to do that.

Piyush Goyal: My second question is around land acquisition, you had mentioned in the last few calls, that the prices have shot up a lot, and you are finding it hard to do deals that justify the prospective returns. And you said especially in Jaipur, you were finding hard, you announced a deal in Jaipur recently, so is there any update on sort of any change in the environment for land? Have you, sort of reduced your hurdle rate while sort of saying, because pricing power is kicking in, maybe we can pay up for land a little bit, or any update on what is happening in the land across your two or three big markets?

Varun Gupta: Right now, I think, most activity is happening in Jaipur. We are evaluating more projects there. We have signed up one and we have been working on that for about 10-12 months already and we are working on a few more. I think the key aspect is that the land front in Jaipur is to, what I would say, is find pockets where we believe Ashiana can create value. So, land prices are up, they have not fallen down which makes our job that much harder. Like, if I come from an investor's perspective, market has become expensive to buy and you find valuations rich, you have to work extra hard to find those pockets of value where you can buy and invest. The same thing applies to us is that when the entire land prices have gone up, we have to find sort of those locations where we believe we can get a differential sales price, whether for brand or whether the product will bring in, or the location or a combination of a few things. And we have to rack our brains as to what to do. So, we put together a strategy to look at other parcels in Jaipur where we believe we can create value for the consumer and therefore, charge a little bit of a higher price. So, we have been working on those thinking right now and hoepfully, we will do a couple of more transactions in Jaipur over the next 6-10 months.

Moderator: Thank you. We will take our next question from Rohit P. from Marshmallow Capital. Please go ahead.

Rohit P: So, 1-2 years have been very interesting in the sense that we have seen the sales go through the roof, which is very good for us. But at the same time, the construction costs have gone even more through the roof, I would say. So, just curious to know, is it a situation that we are being penalized for our good projects, which are sold well because our margins will be compressed going forward for them, the price at which we have sold them. So, could you speak about that? How do you look at the IRR and the margins for the projects that are under construction right now and where we have already sold?

Varun Gupta: I think, I have spoken on this before. I think margins are more compressed, where land deals were done from 2013 to 2017. Even some of the projects might be coming up now, let's say, Ashiana Malhar is a project which is getting launched now which we did the deal in March or September 2017, I am not sure exactly, but somewhere in 2017. As compared to when we have done transactions 2018 onwards, and the projects have been launched like Ashiana Daksh project was launched, which is a transaction that closed in 2018. Even though we launched, we sold everything at launch and then construction costs have gone up, returns on those projects are still good. The land prices did a more definitive role. And as I said, inflation is a friend right now. I think overall sales price increases are higher than construction cost increases. You can see the sales price also changing for us and the quarterly sales. Some of it is because of mix, but a lot of it is also because we have been able to increase prices substantially. So, I would not like to comment on each and every project. But at this point in time, the goal for the company is to get to a 15% return on equity number. Given where we are, it is still a tough task. But you know, I think as I have been telling earlier, double-digit ROE seem very much reasonable and likely and we are putting energy and effort to get to a 15% return.

Rohit P: That was very good to know. So, in general, we have been hearing that construction cost is making some of the existing projects not so profitable as initially envisaged and it is good to know that we are not going through that issue.

Varun Gupta: Rohit, I think, one of the key things is, if you construct quickly after launch, you face less of those challenges. So, we have gone ahead and constructed, so we have a lesser of a challenge over there.

Rohit P. Perfect, that is helpful. And how does the supply look in all our major markets? Is it increasing materially because you have been talking about how inflation is a friend and we are seeing higher price increases as compared to construction costs increase? Is the supply also increasing in terms of new launches by competition etc?

Varun Gupta: Right now, I think supply is still constrained if not increasing. If I see more and more supplies still coming in the plotted layout spaces in Jaipur and Gurgaon which are going to be our two largest markets in terms of group housing, kid centric homes, premium homes in that category as of today. These two markets have seen more layout launches and less built- up unit launches. So, I think, apartment supply still remains to be constrained. The other markets where I think now increasingly, for us senior living is a more important space, whether it is Bhiwadi, where Senior Living has become a larger part of revenues. Chennai where Senior Living is driving and Jamshedpur as a market is any way was supply constrained because of the land title issues and therefore creating supply to be difficult. Right now, I do not see supply side challenges for us. Pune will take some time for us, for it to become a large market for us. So, Pune is somewhere I hear, where some launches have come in when oversupply can become an issue, maybe going forward in about 24 -36 months.

Rohit P: So that's interesting to know. Could you share the launch pipeline for this year? You mentioned Amarah will be launching in the next couple of weeks. What about other locations like Pune and others?

Varun Gupta: I will share three particular projects where we have RERA and we are looking to launch two more. Vikash Ji can give exact numbers of what we plan to launch in various phases. So, we have RERA received for Ashiana Amarah Phase- 1, Ashiana Advik Phase- 1 where Ashiana Advik is a Senior Living project in February and we have RERA received for Malhar in Pune. Ashiana Malhar is already launched for expression of interest as of today. So in these three projects definitely, Phase-1 are getting launched. Other than that, I think Vikash Ji can give a little bit more detailed sense of what we are launching.

Vikash Dugar: I think if I recall correctly, even in the last earnings call also, we had shared that we have a launch pipeline of around 10-12 projects roughly, yes that is the number that includes both, new Greenfield projects and also the future phases of the ongoing projects. Now, that is the kind of number that we are targeting and if we talk about the new Greenfield projects, then you talked about Malhar, Amarah, the nearest one. Then, Advik is a Senior Living project in Bhiwadi that is planned, then another Senior Living project in Pune. Then, there is one project in Jaipur that we are planning, namely, Ashiana Ekaansh somewhere around December or January i.e. Q3 or early Q4 is what we are planning. Then, there is also a project in Jaipur which is one lakh odd square foot kind of plan which is a part of the earlier launch project, called Ashiana Greenwood. And then there are two projects in Chennai also that we are planning. So, these are the kinds of plans that we have. In Chennai of course, both of the projects are Senior Living projects. So, all in all, this number in my sense should be somewhere around, in terms of square foot roughly, maybe 12 lakhs to 13-14 lakhs.

Varun Gupta: So, these are phase one of planned launches, not the whole projects like Ashiana Amarah itself is 21 lakhs square foot. The phases that we plan to have the new launches is 12-13 lakhs sq ft. You would also put together phase data of existing projects as well right.

Vikash Dugar: Yes, existing projects would be roughly this kind of a number 13-14 lakh square foot again, which would include Ashiana Shubham, a Senior Living project in Chennai. Anmol Phase 3, you already talked about which we are on the verge of launching. Then there is 1 Phase of Ashiana Dwarka project in Jodhpur. And then couples of launches in Jaipur like Gulmohar villas and Umang Extension, Phase-6. So, roughly I think 13-14 lakh square foot is the kind of plan there as well, the future phases in the currently ongoing projects.

Varun Gupta: So, we are looking to launch about 2.5 odd million square foot this year across various phases in.

Rohit P. This is a very busy year then. My last question again is on the construction costs. So how is it trending right now? I mean with the steel prices coming down? Are we seeing a respite there, is it better?

Varun Gupta: When something has gone up from ₹40 to ₹85, it comes down to ₹65 to ₹67, it does feel like a little bit of a respite. But that said , you know, construction costs are more stable right now, it is not increasing. So, I would not say there is respite, because even though steel prices might have come up, other costs have not come up and in also like finishing items were the costings was more or less constant, some increase in pricing there is coming where people are also passing their input costs further. And labor costs are also revising upwards. So, there is inflation which is leading to wage inflation which may be bad. So, has it become better than what it was 3-4 months ago, yes, but it is not like it is dipping or it is going to reduce any further.

Moderator: We will take the next question from the line of Sourabh Gilda from Motilal Oswal Financial Services. Please go ahead.

Sourabh Gilda: I just have one question like, we had sales of around ₹154 crores in Q1 of FY23, and you have laid out a very strong launch pipeline for the rest of the year. So just wanted to know, do we still stand by the guidance of ₹1,100 crores sales that we guided during the last quarter for FY 2023?

And the related question to that would be like, how do you see our sales trajectory for over, let us say 2-3 years? How do you see the sales panning out?

Varun Gupta: We continue to target ₹1,100 crores of sales this year. Right now, the launch pipeline also gives us confidence with RERA in three of our projects. As I said, ₹1,100 crores is dependent on launches. I think, we need two to three more new projects particularly, in Jaipur and Jamshedpur need to come together as well, which are under approvals for that number to be met. As of now, it seems very likely that we should meet that.

Vikash Dugar: I think velocity should not be a concern, as you rightly mentioned, sorry, just to add, I think it is the timing of the launches, which will be critical. I do not see velocity being an issue as the momentum in terms of sales is very much there.

Varun Gupta: Thank you very much Vikash Ji. As on the sales trajectory right now, you know, we have probably about ₹ 6,000 odd crores potential inventory for sale, you know, where launches have likely approvals, which are not stuck. Some of the projects are stuck, you know, like Calcutta is stuck, Milakpur is stuck excluding those, roughly about ₹ 6,000 crores of inventory is there. Right now, the intent is to maintain ₹ 1,000 crores kind of a revenue run rate is what we are looking at. I do not know how the next two years will pan out. We are working on what we see as potential launches will get there and how we see doing that. But I think the current view of the company is to maintain that number and then ramp that up as we go along just getting more projects and putting that. But let us see first, right now we are keeping our head down and trying to get to the FY 2023 target number more than anything else.

Sourabh Gilda: And just to clarify, like when you say you have inventory of ₹ 6,000 crores, so does it include all the planned launches that you laid out?

Varun Gupta: Yes, total land bank, excluding some of the stuck assets.

Management: We have one question on the textbox says, going by some of our comments today as well as in previous con call, it is fair to say that we are looking at around ₹1,000 - ₹1,200 crore area booked with net profit of around ₹100 crores? Does that mean our profitability would be more constrained in the current upcycle compared to the previous one? This is from Rahul Bhansali.

Varun Gupta: Hi, Rahul. I would not agree with that, that our profitability will be more constrained in this upcycle as compared to the previous upcycle. As I said, the newer projects will have better profits than some of the older projects. As some of those newer projects get lined up for launches and they come up for approvals, I think profitability and margins will expand. I would refrain from commenting on exactly what that profitability will be at a revenue figure. Our annual report will be coming out and we will report again some of the percentage and per square foot margins we make, depending on deliveries, where it will help you also, to put together, where you see our profitability to be. But I do believe that the upcycle should lead to margin expansion. That is my belief, because we can raise prices given the way markets are and price increases should be faster than increase in construction costs at this moment.

Moderator: Our next question is from the line of Harsh Beria, an individual investor. Please go ahead.

Harsh Beria: Hi, congrats for working on a very good pipeline and it seems ₹1,000 crore run rate should be maintainable given all the work we are doing, so congrats for that. My question was on margins but not on the gross margin, margin just excluding land costs. So, in the current projects we are selling, what is the kind of margins we are making excluding construction costs?

Varun Gupta: That would be very hard to say because a lot of the differential in the margin is driven by land costs. Let us say, you sell something at ₹ 5,000, your construction might be ₹ 2,200 to ₹ 2,300, you bring that ₹ 5,000 down to ₹ 3,800, your construction cost still remains ₹1,900 a square foot. So typically, construction cost can range anywhere between 40%-55% of our sale price depending on where it is.

Harsh Beria: So, on a ballpark basis so we should be able to 25%-30% gross margins in the current sales which we are doing, assuming today's inflation does not grow?

Varun Gupta: If you take sale value, less construction cost, less land cost, less project overhead, if you take those costs out, we should be operating between the 25%-30% range on our current projects. Some projects even better, like this quarter. If you go back to our gross margins in earlier projects, that were in the mid-40s if I remember correctly on a blended basis, early 40s again because of one particular project where the land cost is very low. Because it is a 12-year land purchase that we have in Ashiana Nirmay but outside of that, we generally be operating in that 25%-30% range.

Harsh Beria: That is really good to hear and on a reported basis in FY 2023, what is the kind of gross margins which we will report? So, this may not reflect sales happened this quarter but the sales that happened a few years back.

Varun Gupta: Around that 25%-30% number generally. So FY 2022, we will give you a little bit more break up in threshold where it is easier to capture those numbers in the annual report. You can have a look at it but 25%-30% is where generally, we will be trending depending upon the project and the mix.

Vikash Dugar: Just to add we share this number in detail in our annual report which is being drafted and this should get shared in next two weeks at the most. So, we will get greater detail out there and you can have a look.

Harsh Beria: Perfect. We will look forward to reading the annual report as well. And on a reported basis, we should be able to do ₹ 80 crores to ₹ 100 crores of PAT this year?

Varun Gupta: We will share that number in a couple of more months and will give a guidance on it. So, in the next call, we will have a guidance in this area.

Vikash Dugar: Can I just add to the previous question; Harsh. So what we do is that we share the delivery timelines in our quarterly presentation also. You can get a sense as to what is the kind of delivery which is lined up and you also get gross margin per square foot kind of a number in the annual report. You can try and have a look at those numbers that will give you some kind of sense there.

Moderator: Thank you. Our next question is a follow up from the line of Sourabh Gilda from Motilal Oswal Financial Services. Please go ahead.

Sourabh Gilda: So, I just had a follow up regarding the comments you made earlier like when you said margins are compressed on land deals which were done in 2013 to 2017 period. So, since then the land prices would have actually gone up. So, it is not opposite of what should have happened like the margins much be accretive in parcels which were acquired in 2013 to 2017 period?

Varun Gupta: Land prices, Sourabh, actually corrected between 2017 to 2021. So those four years, whatever we did, land prices were softer than the areas before that whether in actual outright purchases or in joint venture, the percentages that you had to give the landlord reduced. So now like you know, earlier projects, if it is a revenue share, a higher percentage is locked. So even sales prices have gone up we have not covered the same or your higher land cost was locked in. So at those places, things were constrained.

Sourabh Gilda: Ok, got it. Thank you for the clarification.

Management: We have a question on the chat box again it reads, do you see any increase in competition in the Senior Living segment, may be in the form of higher new launches or existing player pricing aggressively? It is from Arun Selvan.

Varun Gupta: On Senior Living, we do not see a lot of challenge at this moment of time. Not too many players have entered this space and the space is also growing itself. So, at this point of time, even if more competition comes in, I think they will grow the market at least in the short-term. So, in terms of excess supply, excess competition driving down sale prices, that challenge is not something that we are seeing at this moment.

Moderator: We have a next follow up question from the line of Harsh Beria, an individual investor. Please go ahead.

Harsh Beria: I think this question was asked may be a year or year and a half back as to an investor was asking if it is better for him to buy a house in a Senior Living project in Ashiana or to buy Ashiana's stock today. What is your answer today?

Varun Gupta: I had given the same answer. On these decisions listen to your spouse instead of listening to me on this decision. So, we do not have any views on the same. I would be happy if either bought both but answer should have been that time also buy both. I would not give an opinion on the same, Harsh.

Harsh Beria: Another question is about like capital intensity going forward. Last year, we did something like 6 or 7 land deals. This year also, we are going into a lot of land deals, we have like a credit line from IFC. So, how much do you think, are we covered to pay upfront for these land costs to lock higher gross margins? And how should we see the deck positioning of the company going forward? Do you guys want to take it up as you are doing a lot of land deals?

Varun Gupta: We are well capitalized even after doing so many transactions as we are sitting on a lot of cash, Harsh. I do not see capital being a challenge in doing transactions. If we do joint ventures, we require little cash anyway, if you are looking for outright purchases then we can. Right now, the IFC's line is more or less exhausted. I think a little bit of capital is yet to come in which is for the Chennai development. It is going to come in a little bit of stage very thin shiver. Otherwise, that line from IFC is completely, sort of exhausted now. So outside of that IFC line, our debt positioning is very little. We are net cash positive if I exclude IFC's capital contribution into the projects. And capital does not seem to be a constraint. though our preference will remain for joint venture transactions over outright purchases but depending on the transaction, I think we have flexibility to do what we want to do today.

Vikash Dugar: Just wanted to add two things, one is that the IFC line in not technically a credit line. It is a platform that we have signed with them wherein there is capital contributed by them and what happens is that it is on a payable when able structure only when the projects generate the cash flows, we pay out to them. So those kind of terms and conditions are there and we plan to deploy, preferable mode would be joint ventures only and if at all outright was required then we have our own funds to deploy. So, generally we borrow only in case wherein we need to fund the project for working capital requirement, there also the first preference is customer advances. If at all there is any kind of bridge funding to be done, depending in case sales velocity is slow and all, we do go for that. So that is our outlook on debt, by and large. So those were the two bits I just wanted to add.

Harsh Beria: And this has also reflected in the capital positioning of the company, how you guys have managed the balance sheet in this whole downturn. I was just thinking that you are trying to reach 12%-15% ROE; can this not be a bit easier if we use debt more judiciously? So not to make the company bankrupt, that is not what I am saying but just use the equity in a more efficient way because having high ROIC in this sector is very hard. So, for higher ROEs, we need judicious amount of debt that is where I am coming from.

Varun Gupta: Harsh, point taken, I think the capital structure we used, suit the temperament of the management team and I think it is one thing on an excel sheet, capital structures also influence decision making which changes the ROIC on the project. One of the things is that when we look at finance in classical finance sense, we take the project economics to be independent of the capital structure, whether will the ROIC on the project change when the capital structure changes or not. Our view is that excessive debt changes ROIC of a project itself in a negative manner and second bit also of the view is that the business is cyclical. I could not call the last upcycle we are in, I could not call the last downcycle we are in. I do not think any one of us have the ability to call the cycle. The ability to survive the downcycle and to thrive in the upcycle is a necessity of this business. So we tend to be conservative and will continue to do that. I have also had a simple 2 x 2 derive chart drawn out where financial risk is on the x-axis and operational risk on the y-axis and the only quarter you really do not want to be into, is where both those risks are high. Unfortunately, the real estate development business is a operationally very high-risk business. So, we tend to avoid financial risk in the business as much as we can, that is where we come from. I think, we can do 15% ROEs without much leverage and with the support of financial leverage there, we can find ways for the same.

Harsh Beria: Thanks for the clarification. That’s it from my side.

Moderator: Thank you. As there are no further questions from the participants, I would not like to hand the conference back the management for closing comments. Over to you, sir.

Vikash Dugar: We would like to thank all of you for being on this call and being so patient and with all the questions and answers. If we were unable to take any questions, please feel free to write to us directly or reach out to us directly and with that we would like to conclude the call. A lot of material, we have spoken about is posted on our website and you can also email your queries for any further clarifications. Thank you once again for taking the time out to join us on this call.

Moderator: Thank you members of the management. Ladies and gentlemen on behalf of Ashiana Housing Limited that concludes today’s session. Thank you for your participation. You may now click on exit the meeting.