



“Ashiana Housing Limited  
Q2 FY2022 Earnings Conference Call”

**November 15, 2021**



**ANALYST: MR. RAHUL JAIN - EMKAY GLOBAL FINANCIAL SERVICES**

**MANAGEMENT: MR. VARUN GUPTA – WHOLE TIME DIRECTOR - ASHIANA HOUSING LIMITED**

**Moderator:** Good day, Ladies and gentlemen, and welcome to the Q2 FY2022 Results Conference Call of Ashiana Housing, hosted by Emkay Global Services. With us today we have Mr. Varun Gupta – Whole Time Director. 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 end of today’s presentation. Should you need assistance during the conference, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Rahul Jain of Emkay Global Financial Services. Thank you and over to you, Sir.

**Rahul Jain:** Good evening everyone, I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management for their opening remarks. Over to you sir.

**Varun Gupta:** Good afternoon everyone, hope you all are safe and in good health. Thank you for joining us to discuss performance of the second quarter of financial year 2022 of Ashiana Housing. I extend a warm welcome to all of you.

Area booked recorded in the second quarter of FY2022 was 4.51 lakh square feet as compared to 2.29 lakh square feet in Q2 of FY2021 and 1.51 lakh square foot in Q1 of FY2022. The second quarter area booking were higher due to launches of phases in Ashiana Nirmay, Bhiwadi and Ashiana Dwarka, Jodhpur. But I would also like to add that there is a general positive trend in the market and bookings were higher in general across projects and outlook remains bright in terms of quarterly bookings.

We also handed over 1.45 lakh square feet in Q2 FY2022 out of which only 0.08 lakh square feet was delivered in partnership firms. This was against a delivery of 1.1 lakh square foot in the Q2 of FY2021 out of which only 0.03 lakh square foot was delivered in partnership firms.

Revenue recognized from completed projects in the second quarter was INR 45.6 Crores compared to INR 36.23 Crores of second quarter of FY2021.

Total comprehensive income in Q2 FY2022 was negative at 6.36 Crores vis-à-vis negative 1.74 Crores in Q2 of FY2021, total comprehensive income was negative 6.14 Crores in the first quarter of financial year 2022; however pre-tax operating cash flows (modified and before land payments) was positive at INR 28.18 Crores for the second quarter versus positive INR 29.60 Crores and for the first quarter of this financial year, and however the half yearly reported operating cash flows as per the Ind AS- 7 stood at negative INR 121.64 Crores this was primarily due to land payments made and we picked up two outright projects one in Gurgaon and one in Chennai in the half year.

Equivalent area constructed was at 4.5 lakh square foot in the second quarter of financial year 2022 as compared to 2.89 lakh square foot in the previous quarter and the same was 3.01 lakh square foot in Q2 FY2021. Execution momentum has picked up with this quarter and we expect to further pickup pace in construction in the quarters coming up.

Our construction commitments are in line with the delivery schedule and we hope to deliver our projects on schedule.

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:** Ladies and gentlemen, we will now begin the Q&A session. Our first question is from Himanshu Upadhyay of O3 Capital. Please go ahead.

**Himanshu Upadhyay:** Good afternoon Varun. First question was we said in our Q4 FY2021 call that we have reached a stage in Guragon where can pull our product beyond senior living also. If you look at Chennai market how far are we away from the state or situation where we can go beyond senior living and what gives us a confidence that this is the right time that you want to look at beyond senior living means just some of your thoughts and how do you come to that conclusion, it would be helpful.

**Varun Gupta:** I do not remember making the first comment in Guragon doing anything and we can do something other than senior living in the context that we have never done senior living in Guragon in the first phase and in NCR whatever senior living we have done as compared to regular housing is a far smaller proportion in Bhiwadi we have done a lot more regular housing there in the first phase so the confidence of regular housing in NCR comes from doing a lot of regular housing work there probably not a 5000 flats all put together is not more in NCR in terms of regular housing. So that is the context there is in Gurgaon we want to do regular housing we see brand, we see positioning in capability, in Chennai given the success and pricing and the margins we are enjoying in senior living we want to continue to focus on senior living we have picked up one land already for one more senior living project at the end of the second quarter and we are hopeful to close one more land transaction within the third quarter for another senior living project in Chennai so in Chennai our view on the depth of the senior living market and the competitive advantage we are enjoying we would like to focus on senior living in Chennai at this moment.

**Himanshu Upadhyay:** And even in Pune would it be both senior living and...

**Varun Gupta:** In Pune we are doing both one project is senior living and one project is the regular housing.

**Himanshu Upadhyay:** And we have completions of nearly 3 million square feet in next six quarters and this is I am taking the slide number I think 15 okay we have the timeline expected customer handover day time taking and a significant proportion of the product was sold in 2018 and 2019 what impact are we going to see on margins because at the fag end what we generally see is high value items like wire, switches, faucets, etc. get fitted and significant price rise are happening in these products. Are we able to increase the price for the remaining inventory significantly or you think to a certain extent expected margins may get hit in these projects.

**Varun Gupta:** So wherever projects has already been sold completely there is nothing we can do let us say in a project like Ashiana Aditya where we sold everything and launched there is no remaining inventory to cover up cost so there will be some margin compressions but I do not expect significant impact let us say Aditya phase I is compared to Aditya phase II where we sold and then not only finishing cost but also the material cost for construction also went up some of that will happen but on the regular on the other stock where we are part to sell we sold some units and some units are yet to be sold we have had price increases across the board excluding the regular housing projects in Bhiwadi senior living in Bhiwadi has also seen price increase and substantial price increases in that which has seen in our average realization for this quarter again going up substantially to 3, 6, 7, 8 and we expect to keep increasing prices right now so I am more than hopeful that price increases will be higher than input cost increases going forward, but some of it will depend on project to project the stage it will deal and when it was sold how much you can come in.

**Himanshu Upadhyay:** And Varun next question would be same we see the projects under construction our ongoing projects to salable area is 4.3 million square feet and we have already sold three okay. Since we want to reach another let us say regularly 2 to 2.5 million square feet are we having the amount of new launches over next 18 to 20 months we can start reaching that 2 million square feet type of sales in the next financial year or around that period or how are you looking at it and related to that one more question the two land parcels which we have got Gurgaon and Mahindra World City how much time will it take for launch in those sites or how long or lengthy the process of getting approvals, yes these two final questions and thanks from my side.

**Varun Gupta:** So they are interlinked Himanshu so that is what so far the launches the pipe is being built we also put out the information today to the markets for one more JV that we have signed off in Jaipur for about a little over 9 lakh square foot. We have signed up a lot of projects approvals for a lot of projects has been applied for some are in the application stage so form an 18 to 24 months period that you are talking about the highs right now the visibility seems good to have enough launches to maintain a run rate of 2 million square foot Jaipur is the

only place where we need a little bit more work in Jamshedpur both places so Jaipur we announced a deal today in Jamshedpur we are working on transactions so we will be putting out some transactions where we will get approvals, approvals are at typically about a 12 to 15 month window from the date of the transaction alone.

**Himanshu Upadhyay:** And one small question see in this Mahindra World City project we are doing a senior living project and it is a large project nearly 1 million square feet of salable area so does the agreement have that either it can be only senior living or it is a open agreement but we have decided that the product is senior living which we want to do or at least the agreement...

**Varun Gupta:** The agreement is strict the phase I to the senior living and up to three years I think we will or two or three years from the date of agreement will only get senior living, but we intent to do only senior living so it is a little irrelevant according to us right now the intent is to do senior living. Himanshu with that I would request that you get back in queue if there are more questions in these people.

**Himanshu Upadhyay:** No that is all. Thank you.

**Moderator:** Thank you. The next question is from Rohit Balakrishnan of ithought PMS. Please go ahead.

**Rohit Balakrishnan:** So sir my question is also similar in line with the previous participant. So if I look at your completed stock and the inventory where it is hardly anything 3 lakh square feet and also the ongoing inventory we have pretty much I mean you sold 2/3rd only 1/3rd is remaining. So while we have like Gurgaon is there and couple of more that you have recently launched. So just want to understand given the approval cycle and given the long lead times I mean we our previously question remains first year in terms of sales ideally we would want to sort of grow beyond that in this cycle. So just want to understand how are you thinking about launches do you think in the next six months, 12 months know it is a bit of a, there are not timelines around this, but just want to understand, yes, coming to the point your existing inventory is getting finished. So just wanted your thoughts for that, we can get to a beyond 2 million square feet kind of sales in this up-cycle in the next few years.

**Varun Gupta:** Rohit absolutely we want to go beyond 2 million square foot so two things on that one part of the pipe is also some of the projects have phases which are unlaunched which are approved let us say Ashiana Anmol in Gurgaon, we have launched phase II about 2.8 lakh square foot during this quarter so some projects Ashiana Nirmay, phase V it is a very small piece but that might get launch soon we will have Ashiana Umang phase VI these are launched where approvals are aimed we will launch them so they will not have any concerns in getting launches going at which I sort of on the anvil that we are thinking now

that with which stock and so as and when in the particular project certain phases are nearing completion of selling our stock we will go ahead and launch newer phases to act to supply. The other meet is getting approvals for fresh projects in getting them in the pipe as well and that lot of active work is going on at this point of time to get more and more projects in the pipe Gurgaon, Pune, Chennai where we have closed transactions, Jaipur we have closed another transaction so and the approvals are in process for a couple of other projects. So there is a sort of intense focus right now to build the pipe to take maximum advantage of the up cycle that is coming in at this point of time. So you will have probably in the next 24 months we will have announcements continuously on deals for new projects and announcements for launches of fresh projects as well as and when we get approvals though I think the new complete new project launches will happen in next financial year onwards I do not see the approvals coming in for completely new projects within this financial year.

**Rohit Balakrishnan:** Understood, got it and just so in this financial year 2022 can we sort of get back to pre-COVID in terms of sales, in terms of square feet levels or that seeing a difficult because we have the tough quarter though previous quarter Q1.

**Varun Gupta:** In which financial year.

**Rohit Balakrishnan:** Yes, in this financial year FY2022.

**Varun Gupta:** In this financial year getting to pre-COVID levels would be a little difficult next financial year would definitely we are on the sale.

**Rohit Balakrishnan:** Got it, thank you so much I will get back in the queue if I have more questions. Thanks.

**Moderator:** Thank you. The next question is from V.P. Rajesh of Banyan Capital. Please go ahead.

**V.P. Rajesh:** Hi Varun good to speak with you again and congratulations. I just wanted to understand how many more term sheets you have out there in your various markets and if you can talk about that a bit.

**Varun Gupta:** We have two active term sheets right now so we have closed four transactions during the year and we have two active term sheets at this point of time one in Chennai and one in Vac.

**V.P. Rajesh:** Are you seeing the land prices getting out of that or are you still finding them to be reasonable just wanted to hear your commentary on that.

- Varun Gupta:** We did fortunately the four transaction we have closed the land prices have not been out of that. The only place where I see land prices going out Vac in Jaipur. So therefore it has been a little bit challenging to find transactions there but we are looking there also to find true for land parcels but outside of Jaipur I do not see land prices going out of vac anywhere else at this moment.
- V.P. Rajesh:** And in Bhiwadi you said the pricing has not gone up so any comment as to when do you think you will be able to increase the pricing there.
- Varun Gupta:** So according to us I think we are on the edge of increasing prices in Bhiwadi as because as prices continue to increase in Gurgaon that will flow in Guragon what has happened as land prices have gone up significantly particularly plot prices apartment prices have not gone up yet. We expect apartment prices to follow land prices and once apartment prices go up in Gurgaon I think Bhiwadi will follow next according to once as per our perspectives, but in Bhiwadi senior living which is becoming a bigger and bigger part of the portfolio there we are moving we moved a large part of the land bank towards senior living in Ashiana town the Gamma project is going to be senior living project we have increased prices in senior living and we continue to see possibility to increase prices in senior living in Bhiwadi.
- V.P. Rajesh:** And you said that next year the launches will be higher compared or like 320 lakh kind of numbers next year due to that we will start seeing happen in the first quarter itself or it will be more backend business yet.
- Varun Gupta:** We expect things to happen in the first quarter itself we see but with the approval it is difficult to say where they are but the way things are moving right now I would expect that we start launching a project for quarter hopefully.
- V.P. Rajesh:** And my last question if I may just on the Pune market how are you seeing the developing for us do you think it will be a senior living or is it always be both or I am just curious how are you seeing that market for us.
- Varun Gupta:** Pune is too early to say positive we will place let us do both projects there and see what the response is to see what happens but my first that phase that the market where we can do both quite well.
- V.P. Rajesh:** Thanks all the best.
- Moderator:** Thank you. Ladies and gentlemen as there are no further questions from the participants I would now hand the conference over to the management for their closing remarks.

**Varun Gupta:** We would like to thank all of you for being on this call. Thank you for taking out the time and I think the question that you do if you 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 this call a lot of the material we have spoken about is posted on our website and you can also email your queries for any further clarification. Thank you once again for taking the time to join us on this webinar. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.