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Date: 23rd November 2022

To	To
The Secretary	**The Secretary**
BSE Ltd.	**National Stock Exchange of India Ltd.**
Phiroze Jeejeebhoy Towers	Exchange Plaza, Plot no. C/1, G Block
Dalal Street,	Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 001	Mumbai - 400 051
Security Code No.: 523716	**NSE Symbol: ASHIANA**

Sub: Transcript for Earnings Call held on 17th November 2022 for the quarter ended on 30th September 2022

Dear Sir,

Please find attached the Transcript for Earnings Call for analysts and investors held on 17th November 2022 to discuss the performance of the company for the quarter ended 30th September 2022.

Kindly take the above information on record.

Thanking you,
For **Ashiana Housing Ltd.**

NITIN SHARMA
Digitally signed by NITIN SHARMA
Date: 2022.11.23 16:22:04 +05'30'

Nitin Sharma
(Company Secretary & Compliance Officer)
Membership No. 21191

"Ashiana Housing Limited
Q2 FY2023 Earning Conference Call"

November 17, 2022

ANALYST: **MR. BINAY SARDA– E&Y**

MANAGEMENT: **MR. VARUN GUPTA – WHOLE TIME DIRECTOR - 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's Q2 FY2023 Earnings Conference Call. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from E&Y. Thank you and over to you Sir!

Binay Sarda: Thanks Lizaan. Welcome everyone and thanks for joining this Q2 FY2023 earnings call for Ashiana Housing Limited. The results and the investor presentation have been mailed to you and it is also available on the stock exchange. In case if you do not have a copy of the same please write to us and we will be happy to send it over to you. To take us through the results for this quarter and answer your questions we have today with us Mr. Varun Gupta, Whole Time Director and Mr. Vikash Dugar, the CFO. We will be starting the call with a brief overview of the company's performance for this quarter and then we will follow it up with a Q&A session. I would like to remind you that everything said on this call that reflects any outlook for the future which may be construed as a forward looking statement must be viewed in conjunction with uncertainties and risks that they face. These uncertainties and risks are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report, which you will find on our website. With that said, I will now hand over the call to Mr. Vikash Dugar. Over to you Sir!

Vikash Dugar: Thank you Binay. Hi, good afternoon everyone. Hope all of you and your families are keeping healthy. I welcome you all to discuss the performance of the second quarter of FY2023 for Ashiana Housing Limited. Thank you for joining us today. To start with, we launched our first premium house project in Pune named Ashiana Malhar in Marunji and achieved 80 bookings till September 2022. Phase 3 of Ashiana Anmol was also launched in the quarter and 106 bookings were achieved in the quarter itself. Area booked increased to 4.9 lakhs square feet in second quarter vis-à-vis 3.34 lakhs square feet in the first quarter. Value of area booked went up to Rs.240.19 Crores versus 152.14 Crores in the first quarter. There was an improvement in realization price at Rs.4,904 per square foot in the second quarter as compared to Rs.4,557 per square foot in the first quarter of FY 2022-23. This improvement was driven by both increasing prices across projects and change in mix towards higher price projects. We handed over 2.07 lakh square feet in second quarter out of which 1.63 lakh square feet was delivered in Shubham Phase 3. This was against a delivery of 2.11 lakhs square feet in the first quarter of the current financial year. Area constructed was at 4.38 lakhs square feet in the second quarter vis-à-vis 3.85 lakhs square feet in the first quarter. Total revenue increased to Rs. 91.72 Crores in the quarter gone by versus Rs. 81.22 Crores in the first quarter. Total comprehensive income was recorded at negative 1.31 Crores in second quarter FY23 vis-à-vis positive Rs.10.29 Crores in Q1 FY23. Pre-operating cash flows were negative 1.05 Crores for Q2 FY23; however, cash flow from operations for half year ended September 30, 2022 remained positive at 26.67 Crores. 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. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: Hi, good afternoon and congratulations on Ashiana Amrah very pleasant surprise. So my first question is on this Ashiana Amrah with Gurgaon launch. We have done 20% of sales in that project in the initial launch itself. What will be our thoughts on next phases? Would we like to take more time or we think that right now the things are very good and everything and hence we like to launch another phase of similar site? Just give some thoughts on that how are you thinking and how are you planning on the project, just to understand your mindset?

Varun Gupta: Hi Himanshu thank you. First, I would like to correct the name of the project is Amarah. Secondly, we are evaluating as to what to do. The market is very dynamic so we are in the process of evaluating whether we should launch a phase right now or should we delay. I think those deliberations are going on, we do not have a specific answer to that. That said, my view is the market in Gurgaon should remain good for a while and as I have been elaborating earlier also it continues to be not having much supply in the group housing segment. Further, I do not see much of it coming because of the regulatory situation there. So, with effectively no new group housing licenses for a bit, most supplies coming in either floors or plots and therefore the market should remain good for a while and we will take a call as we go along. Typically, we like to launch phases with a gap of 6 to 9 months, and I hope we are able to sort of maintain that.

Himanshu Upadhyay: Second was on Ashiana Malhar the Pune launch. After a considerable period of time, we launched the project and we had around two months; what performance we can see? It seems we sold around one third of the project launch. What is your sense about that market and when we look at Gurgaon, it was a very splendid success I would say. Here in Pune, it seems it is slightly slower than that because of market is slower there or what is your assessment of this project?

Varun Gupta: So Himanshu two things I think, the market in Pune is a lot more competitive, lot more dynamic with lot more supply in the market in the first place. As I said, in Gurgaon, the supply is constrained so there is less competition from that perspective so that definitely helped, but I think also to the context that we have done one project in the Gurgaon market in Ashiana Anmol in Sohna. We have been present in NCR for 30 years, people know us from our senior living developments or other developments in Bhiwadi, so overall the reputation that we carry and the brand that we carry in Gurgaon is far superior to what we carry in Pune. In Pune also, even though we have not gotten a spectacular success like Ashiana Amarah, I am sort of satisfied with what we have got. In our context of the market, I think we are fine. Our biggest aim is to ensure that we sell off the phase before the phase construction is closed so that we do not end up with sort of unsold built inventory. I think we have gotten enough over there and that should not be a challenge.

Himanshu Upadhyay: One more thing, area under construction is around 4.79 million square feet and the area booked is around 3.7 million square feet and there also footfall in Lavasa is there and clearly, we have one million square feet of saleable area under construction. Are we satisfied with that number? Let us say if we want to have a 3 million square feet of target, so how do you look at that figure and what should be the sustainable numbers you would like to have?

Varun Gupta: So two things Himanshu, first, I will tackle the question where is one million; so I will just say that we are looking to launch another 1.5 million square foot in the second half of this financial year of which Ashiana Amarah is on path which has been launched. Ashiana Advik also is in the launch phase right now. We are looking to launch a couple of phases of existing projects in Umang and Dwarka. Further, Ashiana Prakriti and Ekansh is also up there, so we will be adding to this. Definitely some of it will get reduced because it will get handed over but I think net additions will be more than the net reductions in the second half of this financial year, Also, we will look to add more as we go along in the next year as well as we have projects lined up for launch. We will have four projects lined up for launch in the next financial year as well out of the stocks that we have already today and some phases of new projects will come. We will definitely want more phases in Ashiana Amarah to come in, more to come in of Malhar. So we will have a lot more launches coming in. So, what I would say is that and I said earlier also, we are going to focus on Return on Equity (ROE) and not necessarily topline. So I think a large part of now the focus of the company is not just getting volume but is also getting price and margins and realization and we are focusing on improving the same. Like in Amarah, the most pleasant thing was not just selling the entire volume out; the pleasant thing was achieving a price north of Rs.6,000 a square foot on saleable area and I think that is what the company's focus will be as we are looking to manage both. That said, right now we are on track for about 2 to 2.5 million square foot, we are talking about Rs.1,100 Crores this year I think we are on track to get to Rs.1,100 Crores of area booked this year, we need to keep ramping that up and I think right now there is organization capacity and the market to ramp that up. I think the big challenge that we will face is getting new projects. The land prices have become extremely high, fortunately we have four projects to launch in the next year and we are on the lookout for more and figuring out how we can stitch together transactions that makes sense both for the landlord and for us.

Himanshu Upadhyay: Just a follow-up. Like we say that land as a raw material, we have a target inventory of five to seven times of current year execution plan, okay. In terms of having a saleable area under construction, do we have any targets on those figures also or it would be always the launches will be equivalent to what sales we are having?

Varun Gupta: Roughly once you look at the saleable area, turnaround time on average of 24 to 30 months and therefore ,if like I would say whatever we want to sell annually we need to have about 2 to 2.5x of that under total saleable area and that is what is going to drive that. With a view that we sell everything out when the phase closes and we develop during that execution, that is going to be how it is going to play out.

Himanshu Upadhyay: Thank you I will join back in queue for further queries.

Moderator: Thank you. The next question is from the line of Rohit from Marshmallow Capital. Please go ahead.

Rohit: Thank you for the opportunity and great set of numbers. We are quite clearly seeing good momentum. With the nature of the business that we lock in the sales price today and we will do the cost fully down the line, so how do you think of commodity prices if they escalate or something like that in terms of the prices which you have sold the projects today in the main market of Malhar, Amarah etc.?

Varun Gupta: I have elaborated on this Rohit. I think what really matters to us is margins at the end of the day that we make, right? And I have elaborated this on the earlier transactions that we have done post 2015 generally except for Malhar where margins are short, everywhere else I think our margins are good and whatever price increases we are doing more than sufficiently covers the construction cost estimates for example, like Ashiana Amarah was underwritten at a much lower price point that we have sold at and I think the increase that we have gotten will more than cover any further increase in commodity prices and what we had expected it to do. Malhar, as I said, is a thin margin project we do not have kind of margins there so those are hurting, Ashiana Anmol is similarly a low margin project; increasing prices is not covering sort of the increase in construction cost that we have seen over there, but that said all sort of newer projects that we have launched Ashiana Advik will be fine, we launched Ashiana Amantran post this we are fine, Ashiana Sehar, we are sort of fine. The pre 2015 days, let us say Ashiana Tarang or Ashiana Dwarka we still have a little bit of challenge. So, I think that is where how I will sort of put those things together. We have more projects to launch which have been done post 2015- four more projects. My view is that, overall, we are in a margin expansion zone on what we are booking today. When these bookings get recorded for revenues in the company, our margins should have expanded from what we have today.

Rohit: Perfect. So second question on Anmol and Gurgaon, so you mentioned that Gurgaon doing well with limited supplies in that context with the phase launches it was quite a large phase launch and we have sold one third there. In your view is there something that is extremely satisfactory?

Varun Gupta: The traction in Ashiana Anmol is more than satisfactory. We are selling very well month-on-month. October sales also went well, and we are more than satisfied with traction at Ashiana Anmol.

Rohit: Perfect. So you mentioned that for 3 to 4 years we are looking to solve some of the errors in decision and judgement or mistake that we made it took for 3-4 years and last 1-2 years you have been focusing on growing the organization to scale it up to the next level. So we know that you focus a lot on improving sales and taking that to the organization to the next level, so what would be the next thing you think we should focus on over the next 3 to 5 years?

Varun Gupta: I think the big focus now would be as a organization grows is to preserve and perpetuate the culture of the organization, I think that has kept us in good state before in terms of being ethical, being customer centric, having a certain set of values in the organization which drives the culture. I think perpetuating that and taking that further as we grow in size and number of people and locations and endeavors, that is going to be the key sort of focus of the organization. I think that is where we will put a lot of energy behind.

Rohit: Fair enough that was helpful and last question for me it is probably not relevant for now but just want to hear on how you think about it. You have expressed over the last few calls that you have the focus on return on equity, so in that context just curious how do you think of buyback because that is the way to fund the equity and there by catch the return on equity as well so just curious how you think about it is that something that makes sense for a real estate company at all?

Varun Gupta: I have been trying to rack my brain around it myself. Personally, it is one of those things which are really bit more difficult to understand. So the buyback scenario of shares, we have not been able to rack our head around it as to how it will work. I think that is the key aspect of it. There are some heavy transaction costs in India by way of tax, I believe as well and evaluate whether deploying this capital into growing the business is a better opportunity than buying back the shares of the company. I think that is the ROE kind of discussion that there is. We have evaluated it but right now we are just trying to rack our brain around all these things. It is a part of continuous journey.

Rohit: That is a very helpful answer. Thank you so much. I will get back into the queue.

Moderator: Thank you. The next question is from the line of Harsh Beria, a professional investor. Please go ahead.

Harsh Beria: Congrats for the great presales number this quarter. I think I joined a little bit late in the call and I missed some announcement about your Amrah project so if you do not mind, can you repeat that?

Varun Gupta: I will repeat the name also- Ashiana Amarah as I think people have a little bit of challenge pronouncing it. We launched Phase 1 of Amarah with 224 units and sold the entire phase at launch itself Harsh. The next question was when do we plan to launch phase two; we are sort of evaluating when to launch phase two as we are not sure whether to do it right away or whether it will take some time and generally we have a 6 to 9 months gap between phase launches. So, we are just evaluating what to do in this project right now.

Harsh Beria: Congrats for the sales in the phase one and remember like a couple of years back we kind of had the same situation in one of the projects where we sold at launch, all the inventory and you guys have mentioned that this might not always be the best strategy because there can be inflation issues over the construction lifecycle of a project and you want to keep some inventory available at the time of delivery itself as you can get higher prices. Has there been a change in thought process about that?

Varun Gupta: I do not think that was completely true. So let me put it this way, even before we said yes inflation is a risk that one should be careful and that was the other question that came in today. One way to mitigate inflation is if you launch and you are not able to do construction that is a big concern and in one of our projects in Ashiana Amantran Phase 2 particularly, construction started late because of the sequence of work and as compared to Ashiana Daksh, which was also sold out very well or Ashiana Aditya which was sold out very well, construction cost fell so much low because we started our work and the timelines were much shorter for cost to catch up and use that time to do work. That part remains absolutely clear that what we do not want to do is launch, sell and then sit on it and not build. Then we expose ourselves to a different level altogether and I just also tackled that question earlier, so I will keep it short now you can have the transcript later but my view is that overall price increases that we have already gotten and that we expect to receive in the future phases or future stock to sell will lead to margin expansion and should cover the cost of construction. As I see overall margins from what we are selling this year which will get reported for revenues in general overall to be better than earlier, except, as I said Ashiana Malhar and Ashiana Anmol are places where margins are going to be constrained and challenging.

Harsh Beria: It makes sense and thanks for the clarification. I was looking at the delivery schedule slide of Ashiana and I see that both the Jamshedpur projects are supposed to have customer delivery in FY2023 itself. Is the construction on track and are we expected to book the revenues in FY23 itself for the Jamshedpur projects?

Varun Gupta: Well, Ashiana Aditya Phase 1 and Ashiana Sehar is on track and we should be able to book revenues unless and until sometimes what happens for us to do our deliveries, we have to get occupancy certificate. There are lot of permissions from the government including fire NOC permission, completion certificate, these things can go 2-3 months here or there is not something which we can control and it can spill over to another quarter and we keep correcting for those in some projects that might have happened but I am pretty sure that Ashiana Sehar and Ashiana Aditya Phase 1, we should be able to deliver this year.

Harsh Beria: So construction wise it will be delivered and there can be some delays in the final approval from the government which is beyond the control of the company anyway?

Varun Gupta: But we cannot hand over and book revenues without those approvals in place. But that said, I think we should get those this year itself.

Harsh Beria: It makes sense and one small suggestion I heard a discussion about buyback. The next time you are considering a buyback may be do it at the same time when you guys are buying shares in 2020 March or April because that would have been much more value accretive.

Varun Gupta: Fair enough. Thank you for that suggestion, so one thing that I get from you is for the buyback to be efficient for the company the share prices should be lower, the better it would be to execute a buyback and I will just repeat I still have not racked by head around this completely. We will need to evaluate and learn from others and get some advice if that is the right way to put it. Thank you for this.

Harsh Beria: Yes, just a small follow-up on that. If you have a tender based thought process, then it makes sense to do it at a fair price but if you are planning to do a buyback in open market, may be it makes a lot of sense when we have below book value.

Varun Gupta: Fair enough. Thank you for that advice.

Harsh Beria: Thanks a lot.

Moderator: Thank you. The next question is from the line of Ankur Jain, an Individual Investor. Please go ahead.

Ankur Jain: Good Evening Varun. So, a few quarters back there was this term sheet we signed on the land in Noida or Greater Noida for a senior living project. So I just wanted to know what is the progress on that and if not, then as a company are we still looking for some senior living projects in that area?

Varun Gupta: No, that term sheet fell through Ankur, and we are not evaluating Noida or Greater Noida at this moment of time for senior living. We find the market frothy in terms of land prices and challenging regulatory, so we have decided not to evaluate further right now.

Ankur Jain: Okay and any other city for senior living apart from Bhiwadi, Pune and Chennai. Are you scouting for any other city?

Varun Gupta: We are evaluating, so we are in the process of selecting where to go. So we are evaluating Mumbai, Bengaluru, and Hyderabad but it is very nascent. Therefore, it will be hard to comment where we are going but demographically, we want to be in the West and the South. I think for senior living, that just makes sense from a population demographic perspective.

Ankur Jain: Okay you said it is still in the nascent stage but any location which can be locked in; can we expect something in the next financial year or can it spill over to even after that?

Varun Gupta: Probably we will get a deal in the next financial year and the launch will be after that for sure, but I do not think we will even get even to a term sheet stage before the next financial year. I think we are just early in the evaluation stage of what to do and where to do.

Ankur Jain: Okay thanks Varun. I had only that question. Thank you.

Moderator: Thank you. The next question is from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.

VP Rajesh: Thanks for the opportunity and congratulations Varun and Vikash. So, first question is on the launch of Amarah. Are you seeing the return of real estate investors back into the market in Gurgaon or in other parts of the country where we are doing projects?

Varun Gupta: I do not have data to comment on this. Vikash Ji is also shaking his head whether it is investors or end users. Our sales team is telling us that it is end users but this kind of traction at launch tells me that investors are back.

VP Rajesh: Yes, that was sort of my guess as well because that is what I am hearing in Gurgaon that investors are back so that is why I was wondering about. Then the second question is on the pretax cash flow being negative this quarter, anything you want to call out on that because we were obviously had a robust cash flow in Q1?

Vikash Dugar: Yes, so the reason for negative operating cash flow this quarter VP is that although there was some improvement in collections but that was more than offset by higher construction cost which was due to execution commitments and. Also, we had certain expenditure on marketing sales and marketing side as well due to a couple of pre-launches. The kind of expenses that we incur typically during pre-launches like Ashiana Malhar, Ashiana Amarah and Pune again is altogether such a new market, so we had certain costs incurred out there. So that was the reason, no other reason as such.

Varun Gupta: I think the Q2 was an aberration overall because constructed area went up by about 12-13% from Q1. Collections decreased a tad bit from Q1 because the sales got more back ended to the end of the Q2 and more to the Q3. To put these sales together, we had to do some marketing expenses and even construction getting our sales office ready or show flat ready, lot of those things got loaded and the cash flows a little postponed. So, it is a little bit of a quarterly aberration in my view.

VP Rajesh: Got it and then on the ROE side I think you were targeting approximately 10% this year. So are we on track on that for FY23?

Varun Gupta: So, on a reported basis, I honestly do not know the slippages of delivery, 2-3 months here and there can move things around a little bit and we internally do not track on a reported basis, we have an economic basis for tracking. Economic basis ROE should definitely cross the double-digit threshold this year. I do not think that is a challenge. I think aspirationally, we are looking to get to 15% and over that, does remain a little bit of a challenge on an economic basis, but I think if we concentrate our focus and energy that we have done till now, we will find a way to get that, and the good news has been that the improvement in ROEs has been on track.

VP Rajesh: That is wonderful to know and then lastly you spoke about Rs.1,100 Crores of sales this year. So any guidance for the next year with four launches planned, etc.?

Varun Gupta: Not yet, we do not have guidance for next year. I think we are still working on the same but again I think the focus as I had repeated earlier is going to be ROE; so I might be even happier with a little lower numbers during this year as long as we are able to improve margins by improving prices. So we are going to focus on margin expansion as well, I think.

Vikash Dugar: I think even the mix of the projects with the increasing contribution coming from geographies like Gurugram and Pune, I think, the mix also will keep contributing towards the higher realization. So both of them and very well supported due to the tailwinds that we clearly see in the sector so these geographies contributing and plus continuous opportunity to harden the prices across projects, across geographies in general also.

VP Rajesh: Actually, Vikash that was my next question that your realization seems to be moving up nicely every quarter, so is that now a structural change because we will be doing more projects in Gurugram and Pune?

Vikash Dugar: Yes it is, it is certainly a structural change because in the larger scheme of things from a long-term perspective we are kind of looking at increasing our presence in geographies like Gurugram and Pune which are certainly higher realization markets as compared to our historical averages. Even if you see in general we see the prices moving North like most of the geographies if we see, may be with here and there exception of may be premium homes in Bhiwadi wherein still they are at a sub Rs.4,000 level but talking in general whether senior living project or geographies of Jaipur, Gurugram, and Pune. Gurugram and Pune clearly more than Rs.5,000 and in fact Gurugram more than Rs.6,000 now but Jaipur also in general we see crossing Rs.4,000 and in markets of Chennai also in senior living projects, we see north of Rs.4,000.So it is quite secular if you talk about the price increases.

VP Rajesh: That is good and lastly what is the competitive intensity in Pune because everybody seems to be announcing projects there?

Varun Gupta: It is very high intensity in premium homes.

Vikash Dugar: In senior living, we feel that it will be a little different ballgame in the sense that there we have got more stickiness as far as the brand is concerned and the customer segment is a little different in terms of decision making, in terms of their aspiration for our kind of brand and the kind of location that we look at. So there we feel that the competitive intensity will be less vis-à-vis the premium housing.

VP Rajesh: But we are doing both types of projects over there correct or we plan to?

Varun Gupta: So, we have a premium housing launch VP, and we are in the process of launching the senior living project in a place called Varale in Talegaon, close to Pune but on the way to Mumbai.

VP Rajesh: Right, what I am trying to understand is that going forward as a part of our strategic direction, we do both types of projects in the Pune area right?

Varun Gupta: Yes.

VP Rajesh: Understood. Great thank you and all the best.

Moderator: Thank you. The next question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: Thank you. My question is on land prices, I think the land prices were running a bit faster than historical averages and you just alluded that it continues. So on a thumb rule basis because you believe it is an upcycle what is the thumb rule for land prices that you will want to continue because on the realization you believe it will be able to cover it?

Varun Gupta: We do not want to be very aggressive on underwriting land prices that the sales prices will improve. I have a view on a bull market that the bull market is there but I have been wrong on many things many times. So the question on the land price is that we will look for places where it makes sense on the current sales price that we see in that market and then if it goes up great, if it goes down not so good, but there is still some more protection if it has to go down from the current sales price and not from the expected future increase sales price, so the real challenge is how do we get land with a reasonable set of assumptions by being aggressive on the assumptions land prices will totally make sense today. What do we do that with a reasonable set of assumptions, we are able to find deals which are win-win both for the landlord and for Ashiana and I think that will require a place to find pockets where we believe because we are Ashiana and the brand we have and the kind of development we will do we will be able to fetch a higher price than the market in general and so it is not a call on whether the market will ramp up or not it is a call where we believe we can create a lot of value. I think that is the focus area, so senior living is one way. We believe senior living has less competitive intensity so it can find better value, some places where we have better brand or in Jaipur, let us say, we can take a call in certain locations we will be able to sell better.That is the important perspective that we will have.

Anuj Sharma: Based on the current realization if you believe that the land is, may be costing 20%-30% of your total realization value you will go ahead. Is it based on some financial modeling or historical averages or it will be location-to-location?

Varun Gupta: Location-to-location, deal-to-deal and based on certain set of assumptions. We do not go into historical averages. We say we can sell it at this price, this is what our cost of construction and others will be, if we get this let us say share of revenues to the landlord we will be set with this, is this margin workable or not? When we are calculating this, are our assumptions on construction cost, marketing cost, overheads and our sales price, are they reasonably conservative or not?

Vikash Dugar: But the common thumb rule is that we try to look at it, GP margin at a standard 30% kind of number across markets. So across markets, the realization price and the land price might vary but 30% is the kind of benchmark that we look at while underwriting the projects.

Anuj Sharma: Alright and one last question, land prices in a region or in a city will move en masse, so is it that we go further away from the parameters of the city wherein we can find better realization. Is that one of the thought process or you believe within the city also there might be projects ? What could be reason that one parcel would be cheaper than may be next to where can we find this arbitrage?

Varun Gupta: The arbitrage is found in places where the others are not willing to go.

Vikash Dugar: You create value in terms of open spaces, in terms of quality of product that you are able to provide, timely completion, and all those kind of lifelong facilities and management those kind of benefits that you provide and you are able to command a good pricing from the customer.

Anuj Sharma: Thank you.

Moderator: Thank you. The next question is from the line of Rohan Advant from Multi-Act. Please go ahead.

Rohan Advant: Thanks for the opportunity. My question is to Varun. Varun you spoke about return on equity and that you want to get to double digits but you said you are not looking at reported return on equity because I understand it is really there is a lot of noise in that, you said you look at the economic return on equity. Can you just share how you calculate that and what do you use as the numerator and denominator?

Varun Gupta: Our denominator is the equity of the company - the book net worth, yes okay it is difficult to adjust and for numerator we have a way to calculate economic profits which is based on how much area we sold, how much area we constructed, what our cost of construction is coming, what our sales price is coming. So we estimate volumes based on that and margins based on that in calculating economic profit. We have a whole system of doing this, so we have a little bit more regular MIS.

Rohan Advant: Okay and that would be based on what you are selling this year and not what is the reflection of what you actually sold two to three years back?

Varun Gupta: It could be either way it is a reflection of what we are selling this year and what we are constructing this year. So we have sold this year and not constructed it, we will look at it when we actually build it out not exactly delivery but we have equivalent area constructed so if we sell this year and we do not build anything, I am not going to capture all the volumes today in this year.

Vikash Dugar: So the idea is that the sales and construction both of them have to move in tandem. You cannot be in a situation wherein you construct and are unable to sell or you cannot be in a scenario wherein you get the orders just like in a factory or you get sales and you do not construct, so both of them have to more or less move hand in hand. We have a way to estimate this by fusing both things together.

Rohan Advant: Okay got it. That was my only question. Thank you and all the best.

Moderator: Thank you. The next question is from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.

VP Rajesh: Just a couple of follow-ups. So I noticed that your JV project pipeline seems to be drying up, so any particular trend underlying that? Is it just people are finding easier to sell their land or you are shying away from doing the deals, so can you just comment on that?

Varun Gupta: No, so since COVID we have done seven transactions VP and of those seven transactions, four have been pure play revenue shared JVs whether it is Ashiana Ekansh, whether it is in Jaipur the other project, whether it is has been Ashiana Malhar in Pune, and Ashiana Anmol in Gurgaon, there have been revenue share transactions and even there are two or three that we have bought outright two in Chennai and one in Gurgaon. The one in Gurgaon and one in Chennai have been bought on the IFC platform, so effectively it is not like we are buying 100% and putting in complete equity and the third project which is Nemeli is structured on a profit share basis along with Arihant Group and we have bought the land together, so sort of we have a local partner there as well. So if you see, we have not actually gone ahead and bought completely outright as a 100% equity contribution of Ashiana in any of these transactions.

VP Rajesh: So maybe I misunderstood the line but if you look at your quarterly sales trend slide, the area sold out for that particular joint venture land is zero so that is why I was wondering what is going on?

Varun Gupta: Yes, because those joint ventures are profit shared joint ventures, actually most transactions have moved to revenue shared structures so now we are doing preferably revenue shared joint ventures and that is why the movement and in revenue share joint venture the entire topline gets captured into our P&L.

VP Rajesh: Got it and then the other question was that given all the land bank you have and some of them is obviously not usable, so what is the realistic inventory we have? For how many years do we want to keep the land inventory?

Varun Gupta: Yes, so when we look at things, we ideally want to reduce the land inventory to as quicker cycle as we wish and in one way you want a little bit more because it gives you a little bit of room to do work. As of now I think we have about 5-7 years of work in the current pace. We have a Crore and 4 lakhs in future projects which basically means the land available for future development which might be a little bit more dicey or not so stuck and those are a little too early in the stage if I exclude that, we have a 1 Crore and 4 lakhs and we have about 10 to 15 lakhs to sell between ready projects and ongoing projects. We have about 1 Crore or 12 million square foot. So, 2 to 2.5 million square foot we are at right now. So, we are running at about 5 to 6 times the pace so as in this 2 to 2.5 million square foot ramps up which probably it would as we look at more return and how to get to return on equity and as we look at margins as well, this number might be to increase as we go along.

VP Rajesh: Right so if you are breaking the growth from the current run rate then is it fair to say that you will be probably somewhere in the three-to-four-year inventory?

Varun Gupta: Yes, somewhere close to 4 years or between 4- 5 years is I would say, where we would be hopefully.

VP Rajesh: Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for their closing comments.

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 the material we have spoken about is posted on our website and you can also e-mail your queries for any further clarification. Thank you once again for taking the time to join us on this call.

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