CONTINUING STABILITY

ARIHANT
SUPERSTRUCTURES LTD.
CONTINUING STABILITY

02nd February, 2022

Corporate Relations Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code: **506194**
Class of Security: **Equity**

Symbol: **ARIHANTSUP**
Series: **EQ**

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Transcript of Conference Call held on 27th January, 2022:

Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 22nd January, 2022 intimating you about the Conference Call with the Investors held on **Thursday, 27th January, 2022 at 12.00 Noon (IST)**, please find attached Transcript of aforesaid Conference Call.

Kindly take the same in your records and inform the Stakeholders accordingly.

Thanking You

Yours Faithfully

For Arihant Superstructures Limited

ARIHANT SUPERSTRUCTURES LTD. NAVI MUMBAI

Govind Rao
Company Secretary & Compliance Officer

Enclosed: a/a

Arihant Superstructures Limited

Earning Conference Call

Q3 FY2022

January 27, 2022

Management Representatives:

Ashok Chhajer	Chairman and Managing Director
Parth Chhajer	Promoter
Abhishek Shukla	Chief Strategy Officer
Deepak Lohia	Chief Financial Officer

Moderator: Ladies and gentlemen, good day and welcome to Arihant Superstructures Limited Q3 FY'22 Earnings Conference Call hosted by Dolat Capital. As a reminder, all participant lines will be in the listen-only mode and there will be no opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch phone. Please note that this conference is being recorded. I now hand the conference over Mr. Kapil Yadav from Dolat Capital. Thank you and over to Mr. Yadav.

Kapil Yadav: Thank you Neerav. Good afternoon, everyone on behalf of Dolat Capital. I would like to thank Arihant Superstructures Limited for giving us the opportunity to host this earnings call. From the management we have with us today, Mr. Ashok Chhajer ji - Chairman and Managing Director, Mr. Parth Chhajer - Promoter, Mr. Abhishek Shukla - Chief Strategy Officer and Mr. Deepak Lohia - Chief Financial Officer, Arihant Superstructure Limited. Now I would like to hand over to Mr. Abhishek Shukla ji.

Abhishek Shukla: Thank you Mr. Kapil. Good afternoon, ladies and gentlemen, and thank you for joining the Arihant Superstructures Conference Call to discuss Q3 FY 2022 results. First, I will go through key operational highlights for Q3 and nine month FY '22 followed by the financial highlights of the quarter before handing over to Mr. Parth Chhajer and then subsequently our Chairman and Managing Director, Mr. Ashok Chhajer.

During the quarter, the construction work commenced and gained pay for our affordable housing projects Amisha Phase 2 at Taloja and Arihant 5 Anaika again at Taloja. If you recall, from our last conference call, this were launched in Q2. We have already sold around 55% of 134 units launched in Amisha which was launched in Q2 and over 60% of 250 units launched in Arihant 5 Anaika, which was launched in Q1 FY '22. Coming to overall sales booking achieved in Q3 FY '22, we are sold about 415 units, which aggregates to 3.66 Lakh square feet of area. And in terms of value, it is INR 185 crore. This takes the nine month FY 2022 sales booking to a total of 1,116 units translating into an area of about a million square feet with a total value of INR 520 crore. With this, we have already surpassed the FY '21 sales booking of INR 400 crore. The total collection for the quarter stood an INR 100.8 crore. And for the nine month the collections were INR 305 crore as compared to INR180 crore for the nine month FY '21 period, which is a growth of about 70%. The collections also surpassed the full year FY '21 figures of INR287 crore for FY '21. So strong sales and collections is the testament of the trust of our customers in brand Arihant and the leadership position of the company in its micro markets.

We are seeing continued momentum in our projects and are set to take advantage of the same in the new launches over next couple of quarters. Taking you through the financial highlights. The total revenue for the quarter stood at INR 88.67 crore as against INR 73.57 crore in Q3 FY '21. That is a year-on-year growth of about 20.5%, and as compared to INR 88 crore in Q2 FY '22. EBITDA in Q3 stands that INR 18.5 crore as compared to INR 14.8 crore in Q3 FY '21, which is the growth of about 24.6% year-on-year. And for Q2, it was INR 20.2 crore EBITDA margins increased by 68 basis points to INR20.8 crore in Q3 FY '22. And the PAT figures currently stand at INR 11.6 crore in Q3 FY '22 as compared to INR 5.15 crore in Q3 FY '21, which is a growth of about 125% year-on-year. PAT margins expanded significantly to 13.1% in Q3 FY '22 as compared to 7% in Q3 FY '21.

This is due to 13% reduction in finance cost and tax benefits arising out of our projects. For nine months ended 31st December 2021. The total revenue increased by 76% year-on-year to INR 261.7 crore. EBITDA also rose strongly by 84% to INR 54 crore and PAT increased by the highest by 1290%, INR 31.5 crore from just INR 2.9 crore in the corresponding nine month period. And it has also doubled from INR15.7 crore for the entire financial year FY '21. This can again be attributed to 27% reduction in finance cost on a year-on-year basis for the nine month period.

The gross debt is reduced by INR 9 crore in the quarter and is down by INR 96 crore since 31 March 2020, which currently stands at INR 290.70 crore as on 31 December 2021. Strong cash flows from sales, margin expansion and reduce finance cost will help the company to capitalize on the growth opportunities provided by the upswing in real estate cycle. Coming to the general market scenario according to a recent -- research, 2021 demonstrated a strong demand across all top seven cities, MMR in particular saw 24% year-on-year increase in demand to 112 million square feet. So last four years have seen modest launches, which has also resulted in declining inventory. Calendar year '21 saw 12% decline in MMR inventory levels to 26 months now, which is very, very healthy. Strong demand coupled with modest launches has resulted in increase in price levels so of about 7% to 8% on an average across MMR. It is now widely acknowledged that it is not just the pent up demand that is driving housing sales, but also organic demand that is generated due to low interest rates, very high interest from the first time home buyers and favourable regulatory environment.

This financial has witnessed the beginning of the up cycle for the housing market for next six years as quoted by Mr. Deepak Parekh and even the government's inclination to the sector is also very positive. Coupled with this there is availability of capital in the market right now for right kind of projects with reputed developers, having a good track record. Almost USD 8 billion have been invested in Indian real estate in the last one and a half years. And many institutional investors have either raised or run in or in process of raising capital. HDFC for instance has raised USD 2 billion recently to fund affordable housing projects, which is again, very positive sign for the sector and overall the market and the company is poised to do well going forward.

For the next round I'll request Mr. Parth Chhajer to take over from here and brief everyone about the organization as well as the new launches that are in the pipeline. Thank you.

Parth Chhajer: Thank you, Abhishek. Good afternoon, everyone. So there is no change in the nine month FY '22 pre-sales guidance as we have achieved the targets and the cash flows. We are currently the market leaders in our area of operations with 10% market share in Navi Mumbai. Our company's focus is to gain and grow from our position hear on and expand into newer geographies in the MMR region. We are bringing in new innovations in our products from this quarter, starting with a launch of the 'O Factor' wherein we are providing a separate office room inside the apartment and this is coming up in our flagship project at Arihant Aspire in Panvel. Setting in with the ongoing trends we are planning up more such launches in the upcoming six quarters, focusing on the affordable and mid income housing, which will help us achieve higher volumes. As an organization, we are increasing our manpower quarterly with continuous recruitment to gear up for the up cycle.

In this financial year, we have added 106 new team members to our organization across all verticals, taking the total organization strength to 308 employees. I now hand over the forum to Mr. Ashok Chhajer, Chairman and Managing Director.

Ashok Chhajer: Good evening, everybody. Ashok Chhajer here, welcome to the conference call. With the business development we have been selecting the projects with best returns and very less risk. As one of the project which we invested in the last year at Arihant 4 Anaika the land cost was INR 15 crore versus the total top line of INR 125 crore sales and resulting to around INR 45 crore of PAT margins. And such type of new projects are also there with the Company in development in hand, which would be engaging up in the next coming quarters, very soon. Coupled up with the asset light models, the blended margins would be often surprising a higher numbers here, onwards. And as we have seen in the last six quarters, we have been consistent in terms of growth on period-to-period and cycle-to-cycle as narrated by Parth and Abhishek in all the terms of business operations. With the percentage completion method for all the projects, it is pretty, with the transparency and clarity to analyse the and judge the company and it's numbers and figures and balance sheets. It gives them consistency and scalability, a lot of consistency and the scalability in hand to be taken for the next quarters. I opened the forum for Q&A for all the guests.

Moderator: Thank you very much. We will now begin the question and answer session.

The first question is from the line of Keval Asher from DSP Mutual Fund. Please go ahead.

Keval Asher: Congratulations, Ashok Ji and team for strong performance in terms of booking and collections in this quarter and nine months. I have two questions. So first since we have double digit market shares in Navi Mumbai. So do we see this being saturated for us or do we still have high visibility in this market.

Ashok Chhajer: The visibility on MMR is largest because that is the area ranging to around 50 square kilometre, which is pretty large right from Thane starting on the one end and ending Panvel and extended suburbs like Kalyan and Badlapur all over. And being scattered in different locations with different projects from mid to small size, it enables us to de risk our self in terms of sales and market share. And we are able to generate sales at across all the 14 projects in different locations. Being into spread across MMR, the next project's also coming up in the same MMR region. The demand is very high and for at a least a decade it doesn't look to be any saturation.

Keval Asher: Okay, got it. And Sir second thing I wanted to know is looking at the current environment, if interest rate goes up from here, then how do you see it being impacted for real estate sector?

Ashok Chhajer: What these industry leaders have interacted with the Prime Minister Office, as well as the government of India, it looks that there would be greater inclination towards the sector to be for the home buyers. And we look forward that there would be further more benefits coming to the home buyers, which would increase the capability and capacity of a niche home buyer also. And we also see that there would be a change in definition of affordable housing cap of 45 Lakhs, which the associations and industries have already projected to the government. For real estate sector per se, the marginal impact of interest would be covered up very easily by the sector support by the Government of India.

Keval Asher: Okay. Got it. Thank you so much and all the best for the coming years.

Ashok Chhajer: Thank you.

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

Puneet: Thank you so much and congratulation on good performance. If you can give some more insight on what you are seeing on the pricing side, is there a room for you to take some material price hike in your market?

Ashok Chhajer: The pricing on per square feet or the market price of the selling product has already increased by 10% on an average across Pan India Metro cities, which is well taken care of the cost and rise of materials across. And going forward there won't be any big speculation. Each of the leading industry players have adopted the method of factory style of model where the inventory is not to be hold, and to roll over the projects at the initial stages for sales in totality. And with that aspect, it looks like that property prices in real estate may see average increase of 5% to 6% on year-on-year basis, but it won't be speculated to doubling up in year or two.

Puneet: But for you specifically, what extent of price increase did you take in say last quarter, for example.

Ashok Chhajer: We increased our pricing in the month of April itself and it was an average of 7% to 7.5% across all the project depending on project-to-project. So some of the project we took an increase of 12%, some of them at 5%.

Puneet: So 7% in April and post April 2021 you haven't taken any abbreviation.

Ashok Chhajer: We have not taken any much.

Puneet: That useful. Thank you so much. And on the line side do you want to acquire new land or do JDS and what kind of trends are you seeing in terms of those relationships on pricing.

Ashok Chhajer: As in company, we generally go with a mix model. Till today, it was all acquired land, right now on the business development platform almost five to six projects are to be engaged up in the next coming short period, which would be on asset light model and around same, three to four on outright basis. So we will have a blend of both of it because it helps out to have an increase EBITDA when compared to outright as well as an asset light model. So it would be a blend of both of them.

Puneet: And, and in terms of land pricing, how different are they versus a year back and now?

Ashok Chhajer: Land prices has increased drastically in the region where the sales are very high. So we could have already seen up 50% increase in the land price from one year, from the past year till today. But what has helped out to the developers is new unified DCR by the Government of Maharashtra across Maharashtra, which has increased the FSI from 1 to 2.6. So the land prices -- increasing land prices is increate by the increasing FSI and hence the project reports have become more feasible and more viable.

Puneet: Okay. So from 1 to 2.6 even in the area that you operate that.

Ashok Chhajer: It has come across for Maharashtra so everybody has got benefit of that.

Puneet: And it fair to assume that similar kind -- so for this 50% land price increase, is it now above pre-COVID levels or is it still below pre-COVID level?

Ashok Chhajer: It's from pre-COVID level, the range in mind.

Puneet: 50% above pre-COVID level?

Ashok Chhajer: Yes.

Puneet: Okay. That interesting. And second, have these land prices changed also translated into the change in the sharing rations with your joint development partners.

Ashok Chhajer: Marginally yes, largely the premium FSI is there-- is now taken into consideration by doing the deal with the landowners. We always talk about the basic FSA with the landowner saying that the premium FSI is then pseudo land, which has been given by the government. So we don't give a share from the premium FSI to the landowners.

Puneet: Yeah. But, but in terms of your relationship, for example, earlier, your JDA agreements would have, for example, 40% profit share is the land owner now say instead of 40%, he wants to give you only 30% profit or that equation hasn't changed.

Ashok Chhajer: Perfectly right. The overall ratio of the landlord has decreased when compared to the whole project. So many of them are worked out to 20% and round for the total 2.6 FSI.

Puneet: So sorry, can you explain this? I didn't get so 20% is the landowner share or is your share?

Ashok Chhajer: No, 20% is the landowner share and in MMR region affordable housing and this sector where the price of the flat is something sub less than INR 1 crore, 40% of the share was for one FSI, which makes it 0.4. And when compared to 2.6 the 0.4 remains same and which means 40% of one is equal to 15% to 20% of 2.6.

Puneet: Okay. So, so in a way it has turned more beneficial for you than what it was pre-COVID, irrespective of the underlying implied land price going up.

Ashok Chhajer: Yes.

Puneet: Okay. That's useful. Thank you. That's all from my side. thank you so much.

Moderator: Thank you. The next question is from the line of Faisal Hawa from H.G Hawa & Co. Please go ahead.

Faisal Hawa: I believe that we have a very large land bank also in this Navi Mumbai and Panvel area. So now with the land prices, as well as the property prices going up, I think this land bank would be suddenly very much more valuable because it'll make us go into projects straight away since we now have our own land bank, instead of negotiating landowner etc., What would and what approximate acre area or square feet that could be developed over the next five to six years?

Ashok Chhajer: The company today has around 11.3 million square feet of buildable area on spread across 100 acres of land in different 14 projects. So, the additional land which is yet to be converted into design stage also would be often more advantage. Still acquisition would be there for new projects. As we looked at the cycle of the next six years, as told by the most honourable person in real estate business Deepak Parek, that we have to do the best in this terms of next real estate cycle. The company would be looking forward for doubling up the total portfolio to 20 million square.

Faisal Hawa: So you are saying we will be acquiring more land.

Ashok Chhajer: Yes. Either in an asset light model and or in outright basis.

Faisal Hawa: 1.3 crore square feet of land is totally never own name and it is almost with clear title.

Ashok Chhajer: This is all clear land with approved projects and completely paid up in the books of the company.

Faisal Hawa: Okay. But we have not yet started any kind of construction activity or any kind of project from this land.

Ashok Chhajer: No, it is already on, out of one the total 1.3 crore around 45 lakh square feet of construction is going on where concrete is poured and the balance of 75 lakh square feet is roped in on phase wise manner, like one phase of Arihant Aspire is getting launched in the month of February. Similarly, as we keep on delivering and giving possession to the earlier phases, the new phases are infused for start of construction.

Faisal Hawa: How do you foresee this, Trans Harbour sea link and the other infrastructure, which is primarily, actually favouring new Bombay development, really panning out. And do you see that this an entire new development paradigm?

Ashok Chhajer: Yes, because across India, across India, there is no one city where such large size of infrastructure development is being taking across, right from the ceilings to costal highways, to airports, to different ports being coming up industrialization. So around 1 million new jobs have been generated in the region of Navi Mumbai within the periphery of around 15 kilometres from the airport radius. So that sees that this area would have a completely different city shape and picture after a decade from here. So what today is at INR4,000 a square feet or INR5,000 a square feet would be an history in the coming years to come.

Faisal Hawa: Our Company evolving. We will get into commercial, residential, even high end luxury. So will be wanting to capture all the verticals because as such there is no very, very reputable real estate developer in this entire Navi Mumbai region. So we could actually be able to be a very niche or a very large developer in this market. Do you see, or aspire to be that kind of a player?

Ashok Chhajer: We take project ETC of 1 decade and plus records. We take projects with respectful population metrics of the country. So what do you mean by population metrics is that leaving apart the economic weaker section EWS or below the – leaving apart the below the poverty line, BPL people. So the population below the BPL is for 5 lakh or 10 lakh houses, which is catered by the government. Leaving apart that you see that 65% of the population lies into economic weaker section around 25% lies into MIG A and MIG B section. And around 5% lies out into HIG, and 1% into Richer. Our company has always kept and taken projects with in all the categories of the income group. And we have done very luxury projects like Arihant Ayati where we have used around three designers, bath fittings Italy. We do also affordable housing where standard operating processors helps out to keep the quality of construction sale. And we have generally somebody by and large callers, the Marutis of Navi Mumbai where we have each and every product for every class or category of people. And that would be the same strategy going ahead also. So with respect to population we would be always having projects and taking projects. It'll not be like it'll be going all into an affordable only or going into all into luxury projects. It is better to service for whatever population is there.

Faisal Hawa: Sir, currently what is about debt level and how do we plan to bring it down?

Ashok Chhajer: Today the debt level is INR290 crore out of which INR 135 crore is from secured debt, which is where the major lender is HDFC. And HDFC has been there as a lender to the company since last one and a half and plus decade and consistently ICICI and HDFC has been lending to the company and supportive. Whereas, INR 130 crore to INR 125 crore is being taken from HDFC today and the balance of INR 290 crore is INR 160 crore by the promoters, which unsecured and payable when enable. And it's almost like a quasi-equity. So debt-to-equity ratio, with respect to servicing being done on month on month basis is quite low. And there are no plans to increase the debt going forward, marginally we'll be able to reduce this complete debt in the coming two, two and a half years.

Faisal Hawa: Okay.

Moderator: Thank you. The next question is from line of Ronald Siyoni from Sharekhan. Please go ahead.

Ronald Siyoni: Good afternoon Sir. Few questions. First one is in Navi Mumbai most of the land is acquired, majorly through land auctions, or, you know huge land parcels are through auction. So where I think we won't be able to participate because of the size of the land to be acquired or the amount of money required. So are there opportunities to grab smaller land parcels or what kind of land goes into auction and what is available from small type land process.

Ashok Chhajer: So I'll explain what is about Navi Mumbai and MMR region, Navi Mumbai per se development plan, which of 1981 which is called CIDCO Limited, where CIDCO Limited is the owner of the total land and where in small tender plots or auction plots come into market, which are not big in size. They range from 1,500 square meter to hardly a 2 acre or less than a 2 acre. The company is does not have one single project in this lands from CIDCO and just adjourning region, which is all free hold land, which is called Panvel Municipal Corporation and Panvel etc. which are not under the preview of CIDCO is where the operations of the company are. Where larger pieces of land extendable from 5 acres to 100 acres are available and which can easily be acquired also, there are multiple choices. And as I narrated earlier that there are many projects which have an alpha of 3X - 4X also blended out with up ticket size, as well as affordable housing. There are ample of opportunities available across in the region of MMR region, and the company already is into Badlapur and Kalyan region, which are also big markets. So when we compare, how affordable housing? we can tell that Vasai Virar is a one zone, Kalyan and Dombivali is one zone and Panvel on other side is three zones. Company already has present in two zones big way.

Ronald Siyoni: Okay. And in absence of fundraising going through, what are we looking at like. There will be more of JD and JV agreements instead of buying out because you said that you want to maintain it or possibly reduced by some extent. So if fundraising plan doesn't go through then whether you would be more inclined towards this joint development agreements.

Ashok Chhajer: Maximum would be turned out towards joint development agreement and few already are already acquired and yet to start off and with the internal cash flows in hand and a different strategy of selling it at double the velocity or higher the velocity from today, can enable us to generate cash across on month-on-month basis where these type of projects can be acquired. Though there is a great interest being showed by the leading institutions for the fundraising, which would take the complete to the next levels with all such actions happening. We hope the outcome to be on the positive, in the very nearest feature, and this will help the company to grow rapidly.

Ronald Siyoni: Great, Sir. Great. And about any guidance with respect, you know, sales for FY ‘22 and ‘23, which you are targeting to get?

Ashok Chhajer: As told by Parth, we have already achieved the figures of the last quarter also, and whatever prospects were given from the pre-sale guidelines. We have been surpassing that, and that has made a good position of the company as well as the confidence of each and every employee in the company. And everybody's in a very energetic mood. We hope that results would be far more better on quarter-to-quarter.

Ronald Siyoni: And what in terms of area, what kind of area you are looking at to launch during Q4 and FY ’23.

Ashok Chhajer: Around 15 lakhs would be launched in Q4 and around another 15 lakhs to 20 lakhs in Q1 of the next financial year. Which are already lined up for closing up approvals from the authorities.

Ronald Siyoni: Okay. Right. And last question for my side is that are you seeing a cost of materials rising. So is it covered actually by all the price hikes taken by the company since April or is there anything left to be covered or the margins may be under pressure going ahead because of that?

Ashok Chhajer: We covered up the inflation in the construction cost way back on Q1 of this financial year. And that is why we see that the margins on previous year to this year has increased. So we factored out very well in advance and going further it doesn't seem the industry is not looking and it doesn't seem that there would be further big rises in material cost. It has already taken up the new benchmark position.

Ronald Siyoni: Okay sir. Thank you, sir. Thank you very much and best of luck.

Ashok Chhajer: Thank you.

Moderator: Thank you. The next question is from the line of Rishikesh Ojha from RoboCapital, please go ahead.

Rishikesh Ojha: Hi, sir. So my First question is how much collections amount is yet to be received?

Abhishek Shukla: From the sold units.

Rishikesh Ojha: Yeah. Like previously or whatever that you have sold till date. So out of that, how much collection is yet to be received?

Abhishek Shukla: From the amount sold till day, we are yet to receive about INR 415 crore.

Rishikesh Ojha: Okay. And so for the ongoing projects and whatever forthcoming projects that you mentioned in the PPT. What would be the estimated sales amount and the estimated sales velocity for that?

Abhishek Shukla: So estimated sales amount which is of course based on the current prices that we are seeing into our projects, the total value of the goods would be about INR 7,000 odds crores. And against that the cost to complete would be about INR 4,200 crore. So overall, the operating cash flows will be in the range of INR 2,700 crore to INR 2,800 crore. This projects are expected over next six to seven year timeline.

Rishikesh Ojha: Okay. Six to seven years.

Abhishek Shukla: Yes.

Rishikesh Ojha: Okay. And the INR 7,000 crore that you said this is including ongoing end forthcoming, right?

Abhishek Shukla: Yes. It is including ongoing and forthcoming.

Rishikesh Ojha: Could you provide a breakup of that?

Abhishek Shukla: Yes. So about INR 4,800 crore would be from forthcoming and balance would be from ongoing, which is about INR 2,100 crore.

Rishikesh Ojha: Okay. And my last question, sir if you could indicate what kind of bit EBITDA margins are we going to maintain then?

Abhishek Shukla: So EBITDA margins currently are slowly inching up, as you would see from FY '21 to FY '22 the margins are, has a risen by about 1.5% to 2% from 18.5% to 20.8% now. So we expect the margins to slowly inch forward as the market prices the new environment. As I said in my opening remarks the demand is quite high and the launches are still modest in nature. So the general market is expected to do a price rise of anywhere between 7% to 8% and depending upon how the market behaves there would be a margin expansion at EBITDA levels.

Rishikesh Ojha: Okay. No problem. Got it, thank you very much.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital Markets Ltd. Please go ahead.

Balasubramanian: Yeah. Good afternoon, sir. Sir. I want to understand MMR residential market. The unsold inventory is more than 3,000 million square, and this market last four years, like what kind of competitions you are seeing in this market? Inventory is not much reduced in this market. The supply is continuously going up meeting on the same. How do you see the competition in going further?

Ashok Chhajer: The demand to the supply still is on a higher side. And when we talk about the total inventory number, which are there on the course, it takes care. It speaks about the total size of the projects by different developers, but the phases of developers and development, which is undertaken are to an extent of average of 25% of the total projects in hand. So if somebody has a 10 buildings, he doesn't start building at a time. You would start up at two or three building. So the numbers of the total projects in hand and projects on the shelf for sale and construction is 25% to the total numbers, which we see on a data which is available for the MMR region and seeing competition, we today also have increased our market share on year-on-year basis. So the market is being developed most, but consolidation has led to leading developers taking up better positions. So we see less competition in the coming years.

Balasubramanian: Thank you, sir. And I want to understand that in land cost like how much share accounts were in each project. Generally, it is 32%, 35% kind of range or?

Ashok Chhajer: No, with Arihant and it's projects, which are below INR 1 crore, which we call as 90% or 92% of the project, which is affordable housing. And MIG A and MIG B housing, the land cost goes to 15% of the total sales price. So our projects or the projects in this region by any developer, the land cost is generally 15% of the total sale price.

Balasubramanian: Yeah. Thank you, sir. Sir in central and Western suburb or like, this region accounted for 40% sharing in MMR market. How do you see further penetrations in this markets?

Ashok Chhajer: Come again? I didn't get you

Balasubramanian: Central and Western suburb region account for 40% share sale in MMR region how is Arihant is going to penetrate and going forward

Ashok Chhajer: In terms of value wise? Yes. The Mumbai market happens to take up the bigger pie, but in of square footage is the complete MMR only. And if my guess numbers are right, the square footage wise MMR contributes to almost 70% of the total square footages compared to 30% in the Mumbai and Mumbai Suburban region.

Balasubramanian: Yeah. Thank you, sir.

Moderator: As there are no further questions, I will now hand the conference over to Mr. Kapil Yadav for closing comments.

Kapil Yadav: Thank you, sir. Thank you very much. Thank you all the part for taking our time for this call.

Ashok Chhajer: Thank you everybody.

Kapil Yadav: Thank you, sir thank you very much.

Moderator: Thanks very much. On behalf of Dolat Capital Markets Pvt. Ltd. that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

***

For further information, please contact:

Abhishek Shukla
Chief Strategy Officer
Abhishek.shukla@asl.net.in
M: +91 96191 95775

Ashok Negi / Bijay Sharma
Churchgate Partners
asl@churchgatepartners.com
Tel: +91 22 6169 5988

Note: This transcript has been edited to improve readability

DISCLAIMER: