

Dated: 15th April 2020

The Secretary

The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

Sub: Intimation of outcome of conference call held for analysts and investors on 09th April 2020 for business updation following Covid -19 Crisis

NSE Symbol: ASHIANA

Dear Sir,

This is to inform you that the company had organized an hour long conference call for analysts and investors on 09th April 2020 at 04:00 p.m. where the top management of the company gave an update on the business operations following the outbreak of the Covid-19 crisis.

The transcript of the said Conference Call is attached herewith for general information of the investors and analysts.

Kindly take the intimation on record.

For **Ashiana Housing Ltd.**



Nitin Sharma
(Company Secretary)

Ashiana Housing Ltd.

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“Ashiana Housing Limited Conference Call”

April 09, 2020



**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 Conference Call. As a reminder, all participant lines will be in a 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Sood from Kanav Capital. Thank you and over to you, sir.

Gaurav Sood: Thank you, Stanford. Welcome everyone, and thanks for joining this COVID-19 update call for Ashiana Housing Limited. To take us through this update and answer your questions, we have today with us Mr. Varun Gupta, Whole-Time Director; and Mr. Vikash Dugar, who is the CFO. We will be starting the call with a brief update on the current situation, which will be followed by a Q&A session.

I would like to remind you all that this call is only to provide an operational update on the current situation triggered due to the nationwide lockdown. We will not be discussing anything related to our quarterly, financial or operational numbers. We request you to restrict your questions around the COVID-19 related issues only. With that said, I now turn over the call to Mr. Varun Gupta. Over to you, Varun.

Varun Gupta: Thank you, Gaurav. Good evening, everyone. And thank you for joining us for this special investor call. I hope everyone & their families are safe. We are holding this call to give information about how management is thinking about the current situation. These are unusual times for everyone with no precedent in recent history. During the lockdown, construction activity has stopped, new bookings are now zero and collections are slower. Maintenance activities being essential services in project continue, and we are focusing on keeping our residents safe and ensuring they don't face any difficulty in essential items for day to day living. Fortunately, the company has healthy cash balances and sufficient liquidity at this time. Last year has also been good in terms of project launches and area booked.

Currently we have four priorities. Firstly, acting on information and not an assumption. There is a lot of forecasts going on about the impact of COVID on the economy and how things might look like once the lockdown is removed and economic activity resumed. We have no capability of forecasting the future. We are working on what we can do as senior management that we get more qualitative information faster to make quicker and better business decisions. Our second priority would be our people, make sure they are safe and that we are communicating with them and engaging with them. We are also working on putting together protocols for their safety once lockdown ends and normal activity resumes.

Thirdly, we are focusing on managing our cash flows, putting in a system for faster cash flow MIS so that we are aware of our cash flows trends as compared to forecast, working to reduce and defer cash outflows and ensuring that our inflows come on time. Fourthly, we are focusing

on delighting our customers. We carry out maintenance of our projects and making sure our residents are safe and their daily needs are taken care of, engaging them in activities online, thinking about activities that need to be done to keep them safe once lockdown ends and what can be done post lockdown to delight them even more.

I thank you for everyone for joining this call. Now the floor is open for questions.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the opportunity. Any color, Varun, when do you expect the construction activities to restart?

Varun Gupta: Ankit, we don't have any color on when that will happen. Right now the expectations are 15th of April, because that's what efficient communication is. Again, our focus is more on being prepared to start construction quickly once the lockdown ends and we are committed to the construction. So, we are keeping our labour well, engaging them, ensuring that they are okay, they are not returning back, all of that has been taken care of so we can start construction as soon as lockdown ends. We have no capability of forecasting when it will end.

Ankit Gupta: But aren't labourers migrating back to their hometowns or villages?

Varun Gupta: No, labourers have not migrated. Like, about I think 5% - 7% have gone back, 90 to 95% of our labour is available on ground to be able to carry out construction.

Ankit Gupta: Okay, that's very good to hear. So is that it across all the construction sites, or is it specifically for us?

Varun Gupta: See, I am not aware of other developers, a couple of developers that I have spoken to, they have been able to retain labour as well.

Ankit Gupta: Okay. And secondly, Varun, last year before this COVID issue, we had pretty good bookings for the new projects. And with this issue impacting the overall economy as well as the customers, how do you think this event changes, the new buyers will be coming to purchase real estate properties? So, any colour that you can give or your expectations, I agree that it will be difficult to forecast how things will play out, but any sense on how you guys are thinking about this event changing the perception of customers towards real-estate?

Varun Gupta: Ankit, one thing is, during the lockdown period, we are effectively not going to have sales. One or two through digitally might happen and we might transact, but I really don't think that's going to happen. So one thing is, during lockdown we may not get any sales. Post the lockdown ending and sort of economic activity reviving, I have no way to really forecast how that might happen.

There are multiple forecasts going on, there are forecasts going on like real-estate might improve with money moving from stock market to real-estate, because the stock market has weakened down significantly and people might want a real asset for safety. There are other people saying that there is going to be severe economic downturn and therefore sales will slower and people might want to defer large decisions. Another view for us is that, we are far more healthier than the competition so we should do better than the competition. I don't want to be in this forecasting pieces, these are what people are saying. All I would say is, we don't know. And as management team, we want to be in more thinking as to how can we get information faster that will allow us to know what will happen later better. So, maybe we will want to speak to customers directly as a senior management once lockdown ends. Listen to some calls that our sales executives are having with the frontline customers, monitoring our cash flows, if people are making payments on time, most people are considering if things are okay. So a lot of that will depend on how things pan out. And I think really trying to put that together, honestly, I have no forecasting capability of this, there are too many moving pieces and I don't see the point of trying to forecast something we can't do.

Ankit Gupta: As of now, are we changing any of our pipeline for launching new projects for FY21?

Varun Gupta: So, in FY21 we had did not have any launch pipeline. Again, we will be tight on our cash flow. Let me put it this way, today the risk of a slowdown and reduced sales are far higher than they were three weeks ago. Whether the risk plays out or not, that's a separate issue, but the risks are definitely higher than before. We will be conservative on our cash outflows and be taking cash flow commitments only after having thought through it a lot and vetted it with data before we commit.

Ankit Gupta: So, this year our major focus will be on construction?

Varun Gupta: Yes. And that was anyways true for us.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from PGIM Mutual Fund. Please go ahead.

Himanshu Upadhyay: Hello, good afternoon. Varun, we are in the business of capital allocation and the aim is to increase the net asset value of the overall business over a longer period of time with capital allocation. Today we may be getting a lot of opportunities for new projects, but looking at the way the company is being evaluated in the market, would not it make a much better capital allocation decision from a perspective to have a buy back sort of thing rather than looking more projects outside? Means, how would you look at this perspective and more on capital allocation strategies that you would evaluate, or you are thinking?

Varun Gupta: Thank you for the question, Himanshu. We have not evaluated a buyback till now, from a perspective like we are thinking more operationally and about the business and rather thinking about whether to buy back our shares and does that make a more efficient allocation of capital.

Again, a lot of this will depend on how our cash flows pan out over the next three, four months. And what is the sense we get on sales, what is the sense we get on collections, what is the sense we have on construction. At the end of the day, that is going to be our primary driver of how we utilize current cash, because we will get a sense of how future cash flows look. And as I said, today, it's very hard to forecast that because we don't have any information, which is saying how things will go, we will get information along the way. And then we will evaluate what to do. We also don't know how land prices are behaving, so land prices might be discounting a lot maybe in the future, and that might be more interesting to get a new project. That is also an information that is not available to us. The stock price information is available to us that the stock price has dropped so much, it's an interesting place to buy back as you put it. But we also want to evaluate the other options which are not fully evaluated yet before making a choice. That's the way I would like to put it.

Himanshu Upadhyay: And once the lockdown gets over, how much time would it take to restart the operations, majorly construction operations?

Varun Gupta: About 24 hours.

Himanshu Upadhyay: So labourers and everyone, what you stated, they are generally at the site itself you are saying?

Varun Gupta: Yes, labour is mostly at site. We would have inventory of material available from before, so we could start work. I think what we need to do is put in the safety protocols in place. And that will take a little bit of time. We are preparing those protocols as they go along. So, if we are able to put those protocols in place, then we will start work.

Himanshu Upadhyay: And we had last quarter launched or started with three projects, Jamshedpur, had construction work started in all those three projects?

Varun Gupta: Yes, all three projects which were launched in Q1, Q2 and Q3, their construction work has commenced.

Himanshu Upadhyay: Okay. And can you give a brief profile of your end customers, I mean, the end customers, are they very different for us in Jamshedpur versus Jaipur or Bhiwadi or Calcutta? Or they are generally the same profile of customers?

Varun Gupta: They are generally the same profile of customers.

Moderator: Thank you. The next question is from the line of Manasvi Shah from ICICI Prudential. Please go ahead.

Manasvi Shah: Thanks for taking my question. Sir, you mentioned in your opening remarks that one of the priorities is focusing on managing cash flow. So, can you give certain examples as to how you

are trying to do that? Also, the second question is, what is the fixed cost outlay that you would have to incur per month or per quarter, assuming that there is zero revenue?

Varun Gupta:

So, first on the cash flow perspective, I think that we are doing three, four things. One, on the inflow side, which is collections that are to be coming in from our customers, work from home as the demands are gone for April, and we hope to collect part of it during the month. Second, we are also checking on the home loan status of those and we want to ensure that home loans are with financial institutions where we think they are strong enough to disburse, like the public sector banks or the larger ones like SBIs of the world or HDFC Bank Limited or the large, stronger private sector banks. There is no concern on home loan disbursement at any point in time. Third, our systems of tracking the home loans and that system, I would say were not as robust as it should be. I think this moment has become catalyst to create a better robust MIS, they are just a drag and ensure that we are able to facilitate home loan sanctions quicker than we would have otherwise. And those things are taken care of.

Manasvi Shah:

Sir, sorry to interrupt. Sir, you said that you will check home loan status. Now if there is some organization which has given a home loan and you don't really approve of that, you think that that organization could be under some stress, what is the step that you would be taking?

Varun Gupta:

Ma'am, we haven't come to that because right now things seem to be more or less okay. Most of our home loan related payments are concentrated between SBI and HDFC Bank. I would say 90% of our home loans, probably 95%. We haven't come to a situation where our cash flows have been stalled. But probably, if the bank is smaller, we will go to them and ensure that our funds come in. If they don't disburse, we should have a backup plan that we can go to an SBI or HDFC Bank and get them refinanced from those institutions if it comes to that. So right now it is just about getting more information. And again, I don't know if the small banks will not be able to finance. We are just saying that we should have that information in case they are not able to finance, these are two separate issues. This is more preparatory work, if I were to put it correctly. We are also working to reduce or defer outflow. So, one good thing about COVID-19 is, I think travel costs will definitely reduce because we will get more used to working through online and video conferencing method. We thought to make this happen anyways where we were trying to reduce our marketing budget overall and cut some costs there. Hopefully, even though our loan size is not too large, whatever bank borrowings we have, hopefully we have some interest rate benefits there. And as we pay down the loans, as we paid down last year and as we continue to pay the loans down this year, overall, absolute interest costs should also reduce. We are also looking at things that might be construction cost reductions with commodity prices coming off. So, there would be some benefit on the reduced cash flow side over there. And that kind of thinking is going on as we speak. Is there any sort of fat in terms of costs that we had accumulated, which should not have been accumulated in the first place, what can we do? The only thing we are not going to do is we are not going to have, at this moment in time, don't want to look at layoffs and look at other costs in general. That is the first thinking that working with our people and keeping them engaged is important. So that's the thinking on cash flows.

- Manasvi Shah:** Okay. And sir, on my second question about the fixed cost?
- Varun Gupta:** The fixed cost would be about, according to me, about Rs. 5 crores a month for us, which we are looking to reduce downwards.
- Manasvi Shah:** Okay. So they are currently Rs. 5 crores and you will be reducing to?
- Varun Gupta:** Yes, a little bit lower. I don't have a fixed idea, we have gotten a sense. There are some marketing costs also going on which can be tapered off completely if you want. But my view is, in this scenario right now we should be having about a Rs. 4 crores to Rs. 5 crores number per month.
- Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.
- Chintan Sheth:** Thanks for the opportunity. You mentioned about the maintenance activities and related stuff that will also entail some cost to you. That includes in the fixed cost?
- Varun Gupta:** No, the maintenance activities are not included in the fixed cost, because those are again billed to the customers, and we expect that we will get those monthly billings and recover that from the customers.
- Chintan Sheth:** Okay. Any stresses you are seeing in terms of collection at this point in time? As you mentioned, you are engaging with the customer directly or your teams are engaging with the customers, any stress?
- Varun Gupta:** Yes, there is stress on collection. I think a lot of the stress on collections has to do with also being in execution of the transactions as well. So, some stress on the collections are that the home loans, the bankers don't want to disburse till they have physically seen the properties. So that physical check of the properties are not going on. Some people are not able to complete the home loan documentation right now that was to be done, some are unable to execute digital transfer of money. So those kinds of stresses are more. We have not seen so much stress / unwillingness to pay.
- Chintan Sheth :** So, mostly it's procedural related issues?
- Varun Gupta:** Yes, at this time mostly procedural.
- Chintan Sheth:** Right. And you already mentioned that you were not thinking at very heavy launch in FY21 anyways because COVID happened. As somebody already asked about the capital allocation, would you be willing to put more money on buying more assets, land parcels for future growth or how are you looking at it?

- Varun Gupta:** So, as of now, we are working on figuring out how much capital should be allocated to land investment, I think that working is going on. And we will be able to get it crystallized as and when sort of we get a sense of our cash flows over May, June, July, or April, May, June, July as we get more colour as to how cash flows are behaving, it will be easier for us to take a call. But we will be looking at opportunities on the land side, my preference for land side would definitely shift to low investment joint ventures as a strategy overall. So, we allocate less capital but we are able to get better transaction.
- Chintan Sheth:** Okay. But what will be the cash balance as of March?
- Varun Gupta:** I don't have an exact number. I know we are a net cash positive firm, if I look over any working capital overdraft that we have taken from a cash balance, I think we are about Rs. 100 Crores as a group and about Rs. 85 crores as debt repayments, outside, again, of overdraft and the debentures issued to IFC, which were more sort of "Payable when Able" kind of obligation. So that's the situation, there I think hopefully we will be able to crystallize these figures quickly and send that out to the market.
- Moderator:** Thank you. The next question is from the line of Arpit Ranka from Koval Investments. Please go ahead.
- Arpit Ranka:** Thanks for doing this call. A couple of questions from my end. So to start with, already a lot of leveraged players were on the edge in the industry. And this is a state of an unprecedented kind of magnitude. So how do you see this affecting the industry, assuming say next three to six months you don't see things normalize, so how do you see it playing out for the industry as a whole vis-à-vis our competitive positioning with regards to that? That is one.
- Varun Gupta:** Okay. You have a second question, you want to go ahead and shoot or should I take this first?
- Arpit Ranka:** So the second one is also more or less to see, you said we can start the operations in 24 hours if the lockdown is lifted. But see, we are indirectly kind of linked to about 200 ancillary industries and supply chain is all linked up. And what we are reading and hearing is that supply chain is where the maximum pain is currently, and to kind of kickstart it, is in itself has never been done, I mean, everything came to a halt and then you kind of started. Thankfully, we did well to manage the labour situation and not letting them go. But that may not be the case across the ecosystem. So how do you see or any thoughts on that, like in terms of is it as severe as we get to read about it? Or your assessment is that when things do start, they can normalize sooner rather than later?
- Varun Gupta:** So again, I am going in this opinion direction on the second piece. The first question on the industry also is, again, my views, on the industry side I think we were going through a phase of consolidation whereby market share was consolidating into fewer hands. I think that phase of consolidation will get a little bit more accelerated because of this event, simply because the consolidation was also a matter of supply reducing and the lockdown IS a supply shock to the

economy, right. So, as you said, supply will reduce and supply chain that there might be impact on that. And overall the balance sheet of the real-estate industry as a whole if we look at it as a cumulative balance sheet the cumulative debt that they have and the whatever data I got to know from data providers in the industry was that the debt service coverage ratios of the industry as a whole was less than 1. And with that, this kind of a shock coming in, I think consolidation should further play out. Relatively, my view is that we are better positioned than the industry because of basically having a liquid balance sheet, having a track record of delivering on time and not having commitments which are challenging to fulfill, if that's a way to put it. And also from an industry perspective, I think the value of maintenance that we provide to the customer, I think is going more in this time. Like we are getting incredible number of compliments from some of our customers as to what the kind of work we are doing in terms of maintenance. And I think we are really, really performing at this time, in terms of customer delight sort of from a competitive perspective.

On the front of supply chain, yes, I am not so sure. See, I hear a lot of people being worried about migrant labour going back and then we not be able to supply things. Again, most of the information that I get on supply chain broken down is from some friends who are in essential services play. And they have a challenge. Logistically they are having challenges getting inputs, but that is in a scenario of a lockdown where the government also, and when I say the government, the government official on the ground does not know really what truck to let go, what inputs to allow, what stuff to let go, they are also learning on ground. As per the speculation on whether supply chain will be broken, and for how long will they be broken once the lockdown ends, very difficult to estimate that. My own view is that what you read in the papers or otherwise is an overestimate of the impact on the supply chain. I think most labour has probably stayed back for a simple reason that there was no time to go back. It was like it's going to be only Sunday; it is just a preparation and then you had a lockdown on Monday itself effectively in the state and the center immediately also. So, I think mostly labour is there. And most of the supply chain should come back pretty quickly according to me. I am not so worried about it. But again, as I said, these are forecasts, we will need information. When I spoke about, the first thing that we want to do is act on information. I think our team will go back and speak to our vendors, how are you doing? Will you be able to deliver?

Moderator:

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

Rohit P.:

Thank you for the opportunity. And I just want to appreciate the efforts that you have taken in arranging this call, it's quite an uncertain and difficult time. So, for you to take this time out we really appreciate it. My first question is on, in general cancellations, given the uncertainty and the fact that auto has been in slowdown for quite some time and economy in itself has been in slowdown. So do you see an increase in the rate of cancellations? And how are you handling that situation?

Varun Gupta: First of all, I have lots of time right now, I guess most of us do working from home. So this has nothing really to take time out for this. On the front of cancellations, again, we haven't gotten cancellation requests due to COVID at this point in time. Nobody has come like, "We booked, and this has happened, and we really want to cancel". We had some cancellation requests in March, but they were cancellation requests that were in conversation for six months, where people were unable to pay and we are working with them to see if we can do something, and then we recognize those cancellations. So as of information today, I shouldn't be worried about this. How things pan out? I don't know. But as of today, that's the state that we are in. And my view is that Indian economy is not as badly in place as people make it out to be, even before COVID happened the state of the economy was not as poor as it was made out to be.

Rohit P.: Okay, thank you. That was helpful. The second question was, in general, how do you see the financing stakeholders, the banks and NBFCs which generally are a major component in financing the real-estate industry, how have they been reacting? Do you see any change in their lines to you or funding to you? And in addition to it, what do you hear about how they have been reacting to the entire real-estate industry, in general, the real-estate industry as well, any thoughts there?

Varun Gupta: Sure. So, there has been no shortage of work going on there on the banking side also. Like the home loan guys, disbursement guys, that part of the banks are effectively not working, because they have to physically verify the thing, that's not happening. They want documents physically signed, that is not happening. There is very little that they can do online and things going on, I think they had disbursed the cheques which were already paid for or was processed, that sort has been done. So there has been no sort of information at that point of time. We have been speaking to a couple of banks in general. Our view is that we will get access to them, we shouldn't have a challenge in getting debt capital overall as per our conversations.

Rohit P.: But I am guessing they have become a little more stricter in case of, I mean, in general with the rest of the industry or do not have any thoughts on that side?

Varun Gupta: I don't have conversations around that as to what's happening with the rest of the industry. I won't be able to comment on it.

Rohit P.: Sure, that's helpful. And my last question is, at this point of time on land purchases or land deals, how are your thoughts on doing a JV or JDA with a partner versus full acquisition of land? Do you have any thoughts right now or you are still waiting from information there?

Varun Gupta: My views would be like, you prefer JV, JDAs over outright just to be more prudent on allocation of capital of the amount of capital allocated in the way that we would prefer to be a little bit more liquid. On outrights, I think one of the things we would want to do and that we probably will once the lockdown ends is have a little bit more conversations around, may be partnering with funds to purchase on outright where our own capital deployment is little, and we can partner with

people who will be able to deploy capital. But on that, again, we will need to have conversation before we do this.

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

VP Rajesh: Hi, Varun. Could you just share what has been your pre-tax cash flow margin on the last nine months? If you have that figure handy by any chance, a rough number basically.

Varun Gupta: Operating cash flows, I wouldn't have the figures handy at this moment of time. It's there in the investor PPT, if you give us five minutes we will get it for you.

VP Rajesh: Sure. And my second question is, in most of your projects, and perhaps somebody asked this earlier, the customer base which is currently in the pipeline, is it more skewed towards salaried people or is it a mix of salary plus people who are self-employed? Do you have any colour on that?

Varun Gupta: Most of our homes are with salaried people. You know, the senior living pie is obviously with retirees, so a lot of them probably are buying from savings and less from income. But outside of that, the regular housing is mostly salaried. I won't be able to give you figures, but majority of them are salaried.

VP Rajesh: Okay. And the other question is, you were talking about partnering with the funds, but I thought we haven't even deployed the capital we have available to us through the IFC relationship. So could you just comment on that, I mean, how are you thinking about that versus going out and talking to others for capital?

Varun Gupta: That's one capital that we can deploy for outright, so one fund is with them. So again, there I think we could deploy capital to buy more land. We were and we are in active conversations with land owners that we would want it to deploy that capital, those conversations are on. And also there will be deployment and fortunately our capital is quite stable and we would like to deploy that. Again, once this ends, we will be evaluating a little bit in the wake of information, are we getting good transactions, what is the amount required to be deployed, those things and those conversations with IFC would continue when this is likely to end.

VP Rajesh: Okay. And lastly, do you have any NCDs that are outstanding maturing in the next 12 months?

Varun Gupta: Yes, we do. So, we would have Rs. 17 crore NCD maturing in I think the first half of July or August something, I think in July, Rs. 17 crores of debentures would be maturing. And one large debenture that we have issued that would partly mature in 12 months from now. And we pay them down anyways monthly based on collections, and then there is a fixed obligation if there are no collections.

- VP Rajesh:** Alright. So from a liquidity standpoint, given that we are net cash company, I think we should be okay on that front, right? Even let's say, if the lockdown were to be extended, and this is totally hypothetical, but let's say, if the lockdowns were extended till the end of June, we would still be in a good liquid balance sheet situation, right?
- Varun Gupta:** Yes, we will be.
- Moderator:** Thank you. The next question is from the line of Manish Jain from Gormal One LLP. Please go ahead.
- Manish Jain:** I just had one quick question; earlier participant, I think, Arpit asked this question on strategic changes in the industry. Traditionally in real-estate when good players like you have got the construction activity largely funded by customer advances, based on the current situation and consolidation do you see even land getting added to the construction where it gets funded by customer advance?
- Varun Gupta:** I hope so, I wish. That would be quite interesting when the capital deployment for us reduces. I wouldn't be able to give colour on that, Manish, I don't know how things will change. To fund the land through customer advances today is not possible in regular terms. You cannot launch a project without approvals, and therefore, you can't get customer advances because of RERA. And I don't see that thing. The interesting part for us is to do JV; someone else putting in the capital that is required from the land side. I think that might become more interesting as we go forward. And there might be more joint ventures available.
- Manish Jain:** Yes, because when you are looking at the sector holistically, there is consolidation accelerating. Let's say, even if you had Rs. 200 crores in the bank with you, you will not be keen to put that in one single land parcel, you would prefer to do that by 5, 10, 20 land parcels. So everybody will stagger their payments towards land acquisition. So this question was from that side, where taking care of all the approvals.
- Varun Gupta:** So, a joint venture is similar where your payments are staggered and linked to revenue. In one sense, collections, payments to land in a revenue, if collections to land owners are getting financed through customer collection then no further payments to the land owner, I expect because revenue cash structure which you prefer to do. I think that we would like to do more and more JVs going forward.
- Manish Jain:** Brilliant because that's where my last question was that fundamentally on one hand, you have accelerating consolidation. And on the other hand, a significant component of deployment of capital, it trends towards getting funded by customer advances, not the immediate term but medium to longer term don't you think the industry is getting set for that situation?
- Varun Gupta:** Again, I don't want to take very long-term views, Manish, in general. But that is what we hope to do, that would be our strategic call to take.

Moderator: Thank you. The next question is from the line of Harsh, an individual investor. Please go ahead.

Harsh: Hi. I have a question about what margins do you have on your hospitality and maintenance segment of your business?

Varun Gupta: Effectively, on the maintenance side of the business, we really don't make any money. Whatever margins on the gross side is taken care of by corporate overheads. We make miniscule, maybe 1% or 2%, if at all, we make, and that also includes interest income and some cash we make in that business. So the maintenance side of the business for us is not really about making a profit. In the maintenance side, I think it's about giving great customer service, which entails give us referrals and we get better volumes on our regular businesses there. On the hospitality side, again, it is I think overall 10% kind of a range that we get on top-line, but a fixed cost business sometimes we get good, sometimes things are negative, like this year has been negative for the hotel I think overall in losses, and effectively there is no revenue in that part of the business at all this year.

Moderator: Thank you. The next question is from line of Ankur Jain from Prayas Capital. Please go ahead.

Ankur Jain: I have a question around the demand in Bhiwadi. So Bhiwadi is a key geography for us and my understanding is that Bhiwadi is quite dependent on the auto cluster. So in this situation that the lockdown is lifted and the economy gradually comes back, but the auto slowdown continues to remain there, so I was thinking about the demand shrinkage which can happen in the Bhiwadi territory. So, could you throw some light on what your assessment is that what percentage of our demand in Bhiwadi comes from the auto cluster? Thanks.

Varun Gupta: Okay. So, for Bhiwadi, I think slowly and slowly more of our business, whatever, in a percentage term has moved to senior living. I think half of our business is really going to go there over a period of time, I think about 35% - 40% has already moved, And also the senior living pieces are more profitable on the margin front, because we are getting better prices over there, get less competition, and the market is in all of NCR and not just Bhiwadi. So that's one part and we will look to improve at the volume of sales in the senior living piece going forward anyways. That's one strategy for Bhiwadi.

The second piece on the regular demand, I don't have an assessment of how much of that is driven by auto cluster, but I would say majority of it would definitely be dependent on auto clusters. You know, if it's not auto companies themselves, it's their ancillaries. And the entire industrial cluster of West of Delhi, like Gurgaon to Neemrana onwards, is highly dependent on auto. And that does create the demand which is driven from that. That said, I think overall real-estate demand in Bhiwadi has reduced to a miniscule amount anyways. I think whatever sales we have also gotten in Bhiwadi has also been driven by markets where accretion over the last three, four years, because the competition has suffered a lot more than we have just because of their

own issues of delivery and over levered balance sheets. And therefore, we are just getting a larger portion of the pie on that front. I think that's where things are right now.

Moderator: Thank you. The next question is from the line of Manish Gandhi, an investor. Please go ahead.

Manish Gandhi: Hi, Varun. My question is, see, this is unprecedented times and nobody has seen in past also. But unlike many developed countries we are seeing here in residential that almost say NCR or many places, it is a ninth or eight year of the downturn. So, even if suppose economy goes for a toss and prices go down, say, whatever prediction we don't know. So, any past examples of what has happened, some like in 1991 or say any war situation in India-Pakistan or any developed country example you can give, how long do you see? Suppose if the price goes down, how long the prices will stay down, and how the real-estate as an asset moves after this kind of situation? I don't know, any history on this, if you can recommend I would be happy to play.

Varun Gupta: We don't know these times. So let's say if these times were not there, this specific COVID lockdown situation was not there, real-estate is more driven by excess supply than inadequate demand. And we were suffering not because demand compressed over eight years, we were suffering because there was excess supply that was created, too many developers entered, and then the share got split between too many developers. And then we were seeing a supply contraction and consolidation of market share towards fewer developers. I think that's the cycle we were in. And, for me, this shock, as I said, is going to lead to a supply shock. So the impact on supply to me should be more than the impact on demand. That's one view. But again, these are assumptions and forecasts which I was trying to refrain from doing, is what I would say. So, the research that I know on real-estate is that the cyclical nature of real-estate is more driven by supply and less driven by demand. Do I have any historical things to look at? Not really. The only part of downturn that I lived with was the great financial crisis, that lasted about 12 to 18 months and things were bouncing back after that. And so I wouldn't say that was even comparable because we were at a high after 12 to 18 months and we were back to booming. The other regular real-estate down cycle was between 1997 to 2004 which lasted seven years.

Manish Gandhi: Right. So, Varun, say what we have seen in commercial in last three, four years, as you are saying supply demand side. So, do you feel in a medium-term the sector depends more on supply and demand rather than the economy, macro economy? Suppose if economy goes very down that's a different matter, it's more dependent on supply demand as commercial has shown us?

Varun Gupta: I would say more on supply than on demand. Let me put it this way, the supply side, the problem with it is supply takes a lot of time to build, because once you see demand coming in it takes time to identify a land, then get approvals in our country, approvals is also a long time consuming process, and then actually get out. That process is overall lengthy. So, when demand is good, people respond to it and then build excess and then the returns fall short and then people exit the piece. And exiting the piece is also longer, you can't just leave a project mid-way, and then you have a supply glut, starts reducing and supply comes down over a period of time and

then things improve again. That the sort of cycle which is, to me which is more important to follow. So, it's the amount of supply that is coming on board in response to a demand which is, let me put it this way, which is more critical.

Moderator: Thank you. The next question is from the line of Devansh Sampath from YES Securities. Please go ahead.

Devansh Sampath: Sir, just two questions. First is, is there any plans of us getting into the commercial space? Have you thought about that? And second is, what is the kind of investment buying versus self-occupied properties from our customer base? And do you see that sort of shifting, especially in the post demonetization era right now?

Varun Gupta: So first, we don't intend to do commercial. We don't understand it and right now there is no intent to understand and get into that space at all. The second piece on the front of how much is investment buying as compared to self-occupied. So about 50:50, I mean, it's been consistent pre-demonetization era and before that in terms of 50% people are buying for self-use and 50% people right are buying to put it on rent and the long-term investment. What there was earlier before the cycle turns out was these sort of investors who were looking to flip at possession, so they are buying at launch and flipping that possession, that buyer is not there anymore. And whatever is left, the units are getting split evenly between self-occupied and buy to let investors. But it varies a little bit market to market for us and product to product. Senior Living is obviously much higher on the self-occupiers probably, about 70% - 75% there. In some markets, in regular housing it's 30% self-occupied, 70% of investors. So, it varies a little bit, on average about 50:50.

Devansh Sampath: Which markets would those be with higher investment demand?

Varun Gupta: It's not only this market, it is also projects. Some projects in the same market will have a higher investment demand, in some we will have a little bit higher owner occupied demand.

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

Varun Gupta: Thank you, everyone, for being here. I hope I gave sufficient colour on the company's strategy. As I said earlier, these are unprecedented times. We have very little ability to forecast how the future would look like. Fortunately, God has been kind, we are liquid and healthy at this moment in time. And we will continue to focus on people, information, cash flows and our customers. If you have more queries, please feel free to write to us and we will be happy to revert. Thank you, everyone. Thank you for taking the time out.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Ashiana Housing, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.