



“Arihant Superstructures Limited Q4 FY17 Earnings  
Conference Call”

**May 30, 2017**



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**MODERATORS:** **MR. RAHUL JAIN - SYSTEMATIX SHARES & STOCKS  
LIMITED**



*Arihant Superstructures Limited*  
*May 30, 2017*

**Moderator:** Ladies and gentlemen, good day, and welcome to Arihant Superstructures Limited Q4 FY17 Earnings Conference Call hosted by Systematix Shares & Stocks Limited. As a reminder, all participant lines will be in the listen-only mode. 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. Rahul Jain from Systematix Shares & Stocks Limited. Thank you and over to you, sir.

**Rahul Jain:** Thank you, Tanvi. Good afternoon everyone on behalf of Systematix Shares. I welcome the senior management of Arihant Superstructures represented by Mr. Ashok Chhajer, Chairman and MD of the company; Mr. Manish Mehta, CFO of the company; and Mr. Umesh Jhawar, Vice President, Strategy and IR. I would now request Mr. Umesh to take us forward from here. Sir, over to you now.

**Umesh Jhawar:** Okay. Thanks Mr. Rahul Jain. Welcome everyone and thank you for joining us for the Q4 FY17 result ended on 31st March 2017 Earnings Call for Arihant Superstructures. I'm Umesh Jhawar and I take care of Strategy and Investor Relations at Arihant Superstructures Limited. Please note that the results and presentations have been mailed, and you can view them on our website at [www.asl.net.in](http://www.asl.net.in). To take us through the results and to answer your questions today, we have Mr. Ashok Chhajer, Chairman and Managing Director of Arihant Superstructures Limited, and Mr. Manish Mehta, CFO of Arihant Superstructures Limited. We will be starting this call with a brief presentation and giving an overview of the company's performance followed by question-and-answer session. I would like to remind that everything said on this call that reflects any outlook for the future and which can constitute as forward-looking statements must be viewed in conjunction with uncertainties and the risks that we face. These uncertainties and risks are included, but not limited to what we have mentioned in the prospectus filed with SEBI and in subsequent annual reports, you can find on our website.

With that said, I would now turn the call over to Mr. Ashok Chhajer. Over to you, sir.

**Ashok Chhajer:** Good afternoon, everybody. Welcome to the conference call for the annual results of financial year '17, a year which had seen lot of things happening all in and around real estate starting from the day one at April, when it was when the government is very much against real estate and the sector, and then coming across very heavily during the demonetization. And all of a sudden, we found it out that in the budget, it was completely government with the agenda for housing for all and with all favorable as well as environmental-friendly policies, which had seen a sector boost in a particular category of housing. And there on it looks that with RERA, as well as GST coming in place, the sector will see a lot of consolidation, and the approach as well as behavior pattern towards this sector by the developers as well as the associates and the

customers will see this change in the next 2 to 3 years, and that would invite the global participants to be in. With our results, we have achieved out an top line of 183 crores, and then bottom line of 32.70 crores and which is up of revenue from 51% on year-on-year basis. And then the PAT of 71% on year-on-year basis; and with an EBITDA of 78% up. It could totally has come out with an earnings per share of something little less than 8, that is 7.94.

I open up the session for Q& A. Please take it forward from here.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of HR Gala from Panav Advisors. Please go ahead.

**HR Gala:** I was just looking at your presentation. I think the percentages that you have stated are not correct, sir. The Q4 number especially response in Slide #5.

**Manish Mehta:** You are right actually. Basically on the Slide #5 five, we have little messed up with the percentage changes. There will be inconvenience of adding 100% to that, because in formulas there was minus one at every percentages. So instead of 18 please read it as 118.

**HR Gala:** 118. 278 should read 378 and so on.

**Manish Mehta:** 380, yes absolutely, I am sorry about this.

**HR Gala:** Absolutely, no problem. Sir, I just wanted to know what basically happened in Q4 FY17 that we had such a sudden jump in the revenues and the margins?

**Ashok Chhajer:** Yes. So from the year 2012 onwards, we had adopted across all the projects, 100% of the projects, the percentage revenue recognition method. And generally what happens in percentage revenue recognition is that, if sales happen at say day one, and the project starts at day one, it takes about a period of at least 12 to 15 months to cross the thresholds of 25% completion of the estimated project cost as well as 25% of the sales to happen. So it was not really exactly '17 which has contributed, year 2017 has contributed more on the sales, which had happened up and the projects which started off year 2016 has entered into the first time benchmark of revenue recognition in Q4 and three of them hung up in this phase has added up to these numbers. So generally in real estate, this would be the kind of behavior, as it is in cycle of around an average of 3 to 4 years of project cycle, and for 15 months to 18 months stakes for 25% to cross the thresholds.

**HR Gala:** Okay. So sir, going ahead from Q1 onward, what kind of revenue threshold do you think, we will be able to sell and also book revenues in respect thereof?

**Ashok Chhajer:** I think on quarter-to-quarter basis as with the previous year's con calls, as well as to the investors' discussions, we have always mentioned that the real estate cannot be judged on Q1

to Q1 basis, quarter-to-quarter. But as on annual basis, yes, we will be able to match up the same or a better CAGR also at all verticals.

**HR Gala:** Okay. Sir, how much area did we book corresponding to this 185 crores revenue that we had?

**Ashok Chhajer:** Total in terms of area, which is ongoing for construction is around 46 lakhs square feet ongoing, which is contributing to the revenue, but in terms of your answer that how much has been sold new, so the FY 2017 has...

**HR Gala:** Yes. Corresponding to the revenue of 185, like in FY 2016 annual report, you have said that 1.01 million area was booked which corresponded to 123 crores revenue. With reference to that, I just wanted to know?

**Ashok Chhajer:** Yes. So with the same numbers which we call it as fresh bookings was 4,67,000 square feet, which was sold in the year FY 2017, almost 50% to the FY 2016 and which was something around 527 units.

**HR Gala:** So that is against 1,157 units, which we had sold in FY16?

**Ashok Chhajer:** Perfectly yes, right.

**HR Gala:** Okay. So sir, going ahead for FY18, what would be your broad plans, if you can explain?

**Ashok Chhajer:** The sales strategies have targeted out to sell around 1,800 units, and with the given mood and the team what we have adopted, I think we'll be able to do it up as 2 months, that is April and May across all new projects, we have achieved a sale of 280 - 290 flats. So 1,800 units and 150 per month at least in the first 2 months we have achieved the target of near to 300 sales, new sales in the current financial year.

**HR Gala:** Okay. And for the whole year also, I think the accounting recognition again will go on the basis of the percentage of completion method, more or less?

**Ashok Chhajer:** Yes. 100% it will be on percentage completion.

**HR Gala:** Okay. And overall sir, do you think that we will be able to maintain EBITDA margin at around 34%, 35%?

**Ashok Chhajer:** Probably near to it maybe in 10% plus or minus yes.

**HR Gala:** Okay. Thank you. What kind of a capital expenditure you will have to require in order to say augment the land bank which you know the value has come down as on March 31, 2017. So, in

order that, you continue to fuel the growth in the years to come, you will have to keep on adding to the land bank. So what kind of plans do we have, sir?

**Ashok Chhajer:** We would adopt up an asset-light model more, so rather than building up on land model, land aggregation, the market what it is trending after the RERA as well as GST, many of the developers as well as landowners are ready to come down with very reasonable terms. So at least next 3 years would be an era of asset-light model where joint ventures or joint development agreements would be the same in the market. So that is what we would like to add on and that would around like redevelopment projects in Vashi and etc. that will add on to some more new projects coming to the company.

**HR Gala:** Okay. Sir, one more question on this February 11, we decided to infuse 200 crores funds for projects worth 3,000 crores to 4,000 crores, so have we finalized the moralities of how are we going to do that?

**Ashok Chhajer:** That is what would be required in terms of entering into the start-up money for any project. So say to a tune of this much of investment would be required, even in an asset light model for the projects to take off, and mostly we will be adding on in the affordable housing segment where there are tax benefits.

**HR Gala:** Okay. So will it be in the form of equity infusion or how do we plan?

**Ashok Chhajer:** Of course, it will be an equity infusion. To the company you are talking about?

**HR Gala:** Yes.

**Ashok Chhajer:** To the company, it would be an open subject. We may go in for debt or maybe we may go in for equity as the time would prevail.

**HR Gala:** Sir, just last question from my side. We have the total saleable area of 12.9 million. Now taking of our average rate at around say Rs. 3,000 odd per square feet, does it mean that the total saleable value potential we have is around close to Rs. 5,000 crores?

**Ashok Chhajer:** Yes, it is around Rs. 6,000 crores. Because the average rate would be around Rs. 4,000 per square feet.

**HR Gala:** Okay. So see this Rs. 6,000 crores by how many years we can realize?

**Ashok Chhajer:** The projected phase-wise would say around 6 years for completion. Wherein, out of the total 15 projects, maybe 10 would get in completion mode of within 2 to 3 years. And the larger size would be done in phase-wise manner, where it would take around phase of 2 to 3 years more.

- HR Gala:** Okay. So around say 5 to 6 years' time.
- Ashok Chhajer:** 6 years.
- Moderator:** Thank you. The next question is from the line of Rahul Jain. Please go ahead.
- Rahul Jain:** Yes, hi. Congrats on the good numbers. Firstly, if you could share in terms of the affordable segment like how many of our projects and ongoing inventory pool are qualified for the benefit?
- Ashok Chhajer:** The company is yet not making any statement in terms of qualification for the benefits, which is there from the direct taxes, but in terms of affordable, 63% of the total portfolio falls into the same size of 60 square meter and below.
- Rahul Jain:** And based upon the kind of realization that we have in this project, what is in general savings that an individual would have because they may qualify in the desired income group?
- Ashok Chhajer:** The segment is 60 square meters and below, with the different area locations, the product range starts from 20 lakhs, and ranges up to 60 lakhs, 65 lakhs also.
- Ashok Chhajer:** It is a wide sector.
- Rahul Jain:** Yes. But given the saving that one may have from this, are we trying to price some of it or this would be kept for the investors?
- Ashok Chhajer:** The pricing is all for end users with our company from ages. So the projects have been always targeted for actually this, and that is where we have seen that the occupancy rate is very high within 12 months from the project cycle. And the benefits would be going directly to the individuals in terms of CLSA, that is a inter subsidy. And the government has given up a holiday for indirect taxes also, like service tax, which may be GST from the 1<sup>st</sup> of July.
- Rahul Jain:** Right. And in terms of aligning to the RERA, what all changes we have incorporated that are deviation from the current practices or it is still in process right now?
- Ashok Chhajer:** The documentation formation is in process, as it has to be with the regulators framework. And in terms of practices, the company already had the same philosophy of implementation of the project as its first priority that is why since last two decades, we could see our projects coming or completion in very well in time. And in addition to it, with the data practices, the company has practice of no hardship to clients or the flat buyers in terms no lock-in period or no transfer charges for any first sale or second sale or any number of sales which has happened. So this is what rarely you've seen with the developers that announcing in document since last two decades that no transfer charges or no lock-in period for any buy we have done.

- Rahul Jain:** Okay. And are there any major projects that are coming for the recognition in FY18?
- Ashok Chhajer:** Yes. That would be now continuous things happening across for at least 3 years till new projects are more increased. So it will be on year-on-year basis, we will find new phases coming into revenue recognition, new projects coming into revenue recognition. And every year also in terms of phasing out of the project or the phases that also would happen, as the project nears up to 100 completion and the sales happening that would fade out. And like when we see about how many possession we have given in the last year FY17, it was around 10 lakh square feet that is 1,100 flats possession. So there is a continuous change in cycle, where a particular phase is getting into possession and new phases are getting into start mode. This cycle we would be able to maintain for a longer, longer, longer period. So there is a consistency in terms of businesses on day-to-day basis.
- Rahul Jain:** Okay. And this excess cash flow that we may generate given that strong target that we have kept for the year, is it going to be used for debt reduction or more land purchases?
- Ashok Chhajer:** First, all the excess cash flow would be utilized for the completion of the project. So, the priority would be implementation. And that is what we had done up in the last financial year also, where the construction pace was far, far more faster, and greater, when compared to the sales. So the first targets would be for utilization of funds for completion of the projects, and as and where more surpluses is there, the debt would be reduced. And land we won't require much because as told that if it is an asset-light model, we don't require more than say 10% of the total top line.
- Moderator:** Thank you. The next question is from the line of Tushar Sarda from Athena Investment. Please go ahead.
- Tushar Sarda:** In your presentation, is it possible for you to include project-wise revenue recognition. You have given lot of details in terms of number of units and units sold and average rate. But if we have to map to the revenue recognized, which is what lot of other real estate companies doing, they give the project wise revenue recognition, at least the major projects.
- Ashok Chhajer:** Accuracy cannot be obtained into that because the indirect expenditures are not allocated...
- Tushar Sarda:** No. I am saying on the revenue, not on the expenditure, that 82 crores revenue which you have on Q4, if that can be broken up project-wise it will be helpful?
- Ashok Chhajer:** Okay. We will try to do it up.
- Moderator:** Thank you. The next question is from the line of Hemang Kotadia from Anvil Shares & Stock Broking Pvt Ltd. Please go ahead.

- Hemang Kotadia:** Basically, I just want to know how much square feet we had sold in FY18, sorry FY17?
- Ashok Chhajer:** We sold 4,67,000 square feet to a tune of 527 flat.
- Hemang Kotadia:** Okay. And amounting to in rupees crores?
- Ashok Chhajer:** Something around 180 crores.
- Hemang Kotadia:** 180 crores. Okay. And the same figure for FY16, that is 10 lakhs square feet, right?
- Ashok Chhajer:** FY16 was 1,157 units and 10 lakhs square feet, yes.
- Hemang Kotadia:** Okay. So the dip was mainly due to demonetization or...?
- Ashok Chhajer:** Yes. See, real estate generally is a cyclic season where sales happen for 8 months. So when we talk about April-May, due to vacations people are not in the town or the whole family is not there to take a call. June-July goes in admission as well as rituals, so the real season starts or the people taking decision starts from September onwards. And that is where it takes up these more buying happening. October it happened nice, but November we saw the demonetization where it was in complete full stop. So November, December and there on the people waited for sentiments to improve. It was almost by the budget where things had started changing, and people to make up their mind have taken up around from April, May onwards. So the whole year was washed out in terms of sales literally.
- Hemang Kotadia:** Sir, what are your charges for FY18, what do we expect, what sales booking will be...?
- Ashok Chhajer:** We are targeting around (+1,800) sales, so approximately 150 per month.
- Hemang Kotadia:** And in terms of square feet?
- Ashok Chhajer:** Square feet would be something around similar, 18 lakhs square feet.
- Hemang Kotadia:** 18 lakhs.
- Ashok Chhajer:** And average size is around 1,000 square feet, so that's something around 17 lakhs square feet, 18 lakhs square feet.
- Hemang Kotadia:** Sir, when we see the launch of Panvel project, the big one 30 lakhs?
- Ashok Chhajer:** We are awaiting approvals, and if everything is okay, I think by October, we should be able to do it.

- Hemang Kotadia:** And that will be under affordable, right?
- Ashok Chhajer:** That will go under affordable category. Yes.
- Moderator:** Thank you. The next question is from the line of Deepak Kapoor, Individual Investor. Please go ahead.
- Deepak Kapoor:** Sir, to cross-check, on the debt on your balance sheet is almost about 200 odd crores consolidated? But the interest cost is just about 10 crores. This is largely because the interest has been capitalized?
- Ashok Chhajer:** Yes. Interest has been capitalized, which is the accounting standard where on phase-wise manner, for the phases where the projects are not started, the tax department ask to capitalize the interests and not to take it into P&L on the day one or for the full year.
- Deepak Kapoor:** Right. So since more projects are now coming into recognition, should we expect interest on the P&L to jump up coming year?
- Ashok Chhajer:** Yes, P&L will yes jump up in terms of deduction, but then there would be in revenues, both.
- Deepak Kapoor:** Okay. Alright. Secondly, the last quarter presentation, you used to also give us your economic interest against the projects, like before this time. So that is pretty useful if you could make sure that they're in the future presentations again?
- Ashok Chhajer:** Sure. We stopped it due to a reason that there was a confusion with respect to JV and JDA. So wherever we could interact there we could give up some clarity. And in terms of economic interest when it was, it was on the equity level or the entity side. So we can give the information also and we'll try to put it up in the next presentation.
- Deepak Kapoor:** Yes. That will be very useful, if you could also update this presentation itself and put it up again would be...
- Ashok Chhajer:** Surely.
- Deepak Kapoor:** Just wanted some clarity, this Panvel region is classified under Mumbai and Metropolitan region, right?
- Ashok Chhajer:** Yes.
- Deepak Kapoor:** So the affordable housing size-wise definition would be 30 square meters here?
- Ashok Chhajer:** No. Only for metro cities, it is 30 square meter. Other than metros, it is 60 square meter.

- Deepak Kapoor:** So this Navi Mumbai's site get classified under Mumbai metropolitan region, but it's not counted as metro city then?
- Ashok Chhajer:** It's not a part of the metro city.
- Deepak Kapoor:** So here we have the 60 square meter definition?
- Ashok Chhajer:** Yes.
- Deepak Kapoor:** Is there also a value limit on the definition for affordable housing?
- Ashok Chhajer:** There is no value for it. The government has not capped up any value or capped up with any bandwidth of value of the project, of the unit of sale of the flat or the house.
- Deepak Kapoor:** Okay. Just a follow-up question on somebody in the call was asking earlier about the total value of your projects and construction now. And I think you gave a figure of about around 6,000 crores of saleable value, right. That was for what under construction or in planned phase right now?
- Ashok Chhajer:** Yes, for the total projects which the rent are fully paid and which are on the shelf that is either the sales have started or the construction have started. We are not mentioning about projects, which are where it has yet not started up any of these two parameters.
- Deepak Kapoor:** So this refers largely to projects which are mentioned in slide number four?
- Ashok Chhajer:** Yes.
- Deepak Kapoor:** Mumbai and Jodhpur projects put together? Am I right about that?
- Ashok Chhajer:** Yes, right.
- Deepak Kapoor:** So that shows about around 12.9 million square feet saleable area, out of which about 2.6 million is already sold or 10.3 million to be sold. So how does that 6,000 crores figure come, I wasn't clear because your average selling price is about 3,500 to 4,000.
- Ashok Chhajer:** There are projects which are even also of Rs. 6,000 to Rs. 8,000 square feet, so once added on to it that like Arihant Aalishan, that is 7,800 of average price.
- Deepak Kapoor:** Okay. Going forward, average unit realization could go up because of those projects?
- Ashok Chhajer:** Yes.

- Deepak Kapoor:** Okay. And so this will be spread over maybe 7 to 10 years as far as revenue recognition is concerned, right?
- Ashok Chhajer:** it will start from 2 to 3, 4, 5 years. If not 10 years' time.
- Deepak Kapoor:** Revenue recognition start from anywhere from ...
- Ashok Chhajer:** So Arihant Akanksha is around 30 lakhs square feet and Arihant Aalishan is 10 lakhs square feet, so 40 lakhs square feet consists of these 2 projects only. And the same line also shows the area also, so we have not calculated on it, but this chart shows about percentage of completion so everything below 25% is yet not on revenue recognition start off and everything above has already on the start off.
- Deepak Kapur:** So above what percentage is revenue recognized, sorry?
- Ashok Chhajer:** 25%.
- Deepak Kapur:** So from then whatever have sold, it would have started recognized?
- Ashok Chhajer:** Yes, you can also calculate and we can also get back to you on these numbers.
- Moderator:** Thank you. The next question is a follow-up question from HR Gala from Panav Advisors. Please go ahead.
- HR Gala:** Yes. Sir, I just wanted to know how does this income tax benefit work for the developers in affordable housing projects?
- Ashok Chhajer:** The Act says that A) the project which has received their first commencement certificate after June 2016, and where the flat size or the house size is below 60 square meter of corporate area and the third condition that the project gets completion within 5 years from the date of start. When met up all the 3 conditions, there would be no tax on any earnings on such projects.
- HR Gala:** Okay. And this benefit is going to last for how many years, is there any concern...?
- Ashok Chhajer:** The period is 5 years and the last approval is for 2 years, so around 2 plus 5, 7 years.
- HR Gala:** Seven years. So that will be 100% tax?
- Ashok Chhajer:** 100% exception is called income tax act, 80-IB(a).
- HR Gala:** ATIB. Okay. So in our case at least about 62%, 63% of the projects will qualify under that?

- Ashok Chhajer:** We won't be able to give that statement today as whenever the revenue recognition would trigger, the statutory would give that statements when the profit and loss statements are made.
- H. R. Gala:** But in any case, as and when it happens, definitely the effective tax rate will come down is it not?
- Ashok Chhajer:** Surely. We already have good size of projects in this category.
- Moderator:** Thank you. The next question is a follow up question from Tushar Sarda from Athena Investment. Please go ahead.
- Tushar Sarda:** Yes. Thank you. What is going to be your revenue recognition in FY18? I mean, all cost of construction that you incur, if you can give some guidance, because that you will know, right, projects which are under implementation?
- Ashok Chhajer:** Funds for construction would be something around 350 crores or 325 crores.
- Tushar Sarda:** 350 crore of cost.
- Umesh Jhawar:** Something around 300 to 350.
- Tushar Sarda:** Okay.
- Ashok Chhajer:** Depending upon how fast the construction is taking place.
- Moderator:** Thank you. The next question is from the line of Satish Bhatt from Anvil Shares & Stock Broking. Please go ahead.
- Satish Bhatt:** Just wanted to know, it should be fair to assume that overall the project cycle of maybe five to six years, which you have to complete 13 million square feet. On an average, you will be making around Rs. 700 to Rs. 1,000 per square feet per PBT?
- Ashok Chhajer:** I won't be able to make a statement of that, because...
- Satish Bhatt:** Will it be fair to assume in terms of the construction cost and land cost, which is already been there, for your books. Is it fair to assume on a size of Rs. 4,000 average you can make Rs. 700 to Rs. 800 average?
- Ashok Chhajer:** We have an average land cost of Rs. 250 per square feet, and an average construction would be something around Rs. 1,750 to Rs. 1,850 per square feet.
- Satish Bhatt:** So maybe another marketing costs of 10% or maybe another 15%, 20%. So maybe...

- Ashok Chhajer:** That has to be added on the finance cost, the administration and marketing cost.
- Satish Bhatt:** So maybe 800 will be a fair assumption to that you can make a profit before tax of Rs. 800?
- Ashok Chhajer:** I won't be able to answer it. You will have to calculate it.
- Moderator:** Thank you. The next question is from the line of Rahul Jain. Please go ahead.
- Rahul Jain:** Just one query on the finished inventory, we see this is pretty high at 18% of revenue. But still our construction is in full swing. If you see, the WIP has gone up. Do we see this would put kind of a pressure on the debt burden or interest cost in the coming period?
- Ashok Chhajer:** Well, as told that the first and the prime most objective is the implementation of the project. And that is what we are speeding up. And that is what even RERA tells to do. And that has led that in the last year, though the sales were slow, we constructed to certain space that we today have in ready inventory of around 255 flats and where the expenditure is completely booked. And as when we see today, there is lot of demand for more ready possession set rather than only under construction. So this year, if things happening all in right direction, these ready possession flats would give up more cash flows and numbers at all levels.
- Rahul Jain:** Okay. And in general, the project wise inventory keep on increasing, there would be definitely carrying cost of such inventory to our books. Will it have some impact on the financial?
- Ashok Chhajer:** Yes. If it is not getting sold then there is a burden, but given the sales strategies, we are confident that we will be able to sell it.
- Rahul Jain:** Let's say, what could be the age of this finished inventory, I mean how much of it would be completed ready for possession for over 6 month?
- Ashok Chhajer:** Today in terms of age of the ready possession, I think it just got ready up in the last 2 to 3 months, so it's not very old inventory, as FY16, we had only 5 flats as ready inventory, up till today.
- Rahul Jain:** Understood. Just one more question, do we plan to enter sub-10 lakhs kind of apartment like some of the other peripheral players in the MMR region has announced. And if not, then how you see the competitiveness of really affordable house from a price point perspective?
- Ashok Chhajer:** Sub 10 lakhs, no, absolutely no, we will not be entering into that bracket. We would keep our product range, the new product range coming in also between the bandwidth of 25 lakhs to 50 lakhs which is the largest selling.

- Rahul Jain:** But do we see there could be a threat, because this is a segment, which has never been or maybe not there in good supply, but if you have a decent construction, colony kind of a structure in with the price point of 10 lakhs to 15 lakhs?
- Ashok Chhajer:** The cost to earnings are so marginally low that with the risk of the regulators and everything coming in, I don't think company should take up that risk right now. And the government is already doing it up, the margins are very low in this 10 lakh. In 10 lakh, we won't be able to even Rs. 1 lakh per flat. So I think somebody is doing, so it's good for them we appreciate that they are into this sector.
- Rahul Jain:** Understood. So we would not enter, because it's not very profitable, which I understand, but do you from a competition intensity perspective, there could be some or we don't see this product competing to our portfolio?
- Ashok Chhajer:** No. This is a completely different income group of people, which is called as economic weaker section, and we cater to lower class, low income group as well as middle income group people.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to management for closing comments.
- Manish Mehta:** Thank you gentlemen for your cooperations, and we will be inviting you shortly for an one-on-one interactions maybe couple of weeks later. The invites will actually come to you. Tentative dates fixed is for 14, and we would welcome you to value and see it in person.
- Ashok Chhajer:** On 14th of June at St. Regis, Lower Parel, we are hosting up High-Tea Meet and Analyst meet, so we invite you all over there, where we can have one-on-one interaction and detailed word. And we would be sending up a formal invite in terms of an e-mail to you all. Thank you.
- Moderator:** Thank you. With this, we conclude the conference. Thank you for joining us. And you may now disconnect your lines.