



“Arihant Superstructures Limited Q2FY18 Earnings  
Conference Call”

**November 16, 2017**



**MANAGEMENT: MR. ASHOK CHHAJER -- CHAIRMAN & MANAGING  
DIRECTOR, ARIHANT SUPERSTRUCTURES LIMITED  
MR. MANISH MEHTA – CHIEF FINANCIAL OFFICER,  
ARIHANT SUPERSTRUCTURES LIMITED  
MR. UMESH JHAWAR – VICE PRESIDENT, STRATEGY &  
INVESTOR RELATIONS, ARIHANT SUPERSTRUCTURES  
LIMITED**

**MODERATOR: MR. APURVA SHAH – PHILLIPCAPITAL (INDIA)  
PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Arihant Superstructures Limited Q2 FY'18 Earnings Conference Call hosted by PhillipCapital (India) Private Limited. We have with us today, Mr. Ashok Chhajer -- Chairman and Managing Director; Mr. Manish Mehta – CFO and Mr. Umesh Jhawar – VP, Strategy and Investor Relations. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions from 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 would now like to hand the conference over to Mr. Apurva Shah. Thank you and over to you, sir.

**Apurva Shah:** Thank you, Jennis. Good Evening, everyone. On behalf of PhillipCapital, I would like to welcome the management of Arihant Superstructures and thank them for giving us this opportunity to host this earning conference call.

I would now hand over the call to Mr. Umesh Jhawar for his opening remarks. Over to you, sir.

**Umesh Jhawar:** Thanks, Apurva Shah. Welcome everyone and thank you for joining us for the Q2 FY'18 Result ended on 30<sup>th</sup> September 2017 earnings call for Arihant Superstructures. I am 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 these on our website [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.

We will be starting this call with a "Brief Presentation giving an Overview of the Company's Performance" followed by "Q&A Session.

I would like to remind that everything said on this call that reflects any outlook for the future which can constitute as a forward-looking statement 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 mentioned in a 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. Manish Mehta, our CFO.

**Manish Mehta:** Good Evening, participants. Let me run through the "Highlights of the Quarter." This quarter essentially has been a little slow one from the point of view of the construction, hence the impact directly on to the lower booking of the revenue compared to the last quarter. However, on year-on-year basis, we have actually achieved a growth of 28%.

The constitution and the product mix of the revenues which have been booked are more of in Affordable segment which has a lower margin and hence the impact on the margin itself. So if you see actually on quarter-on-quarter, the EBITDA margin has reduced a bit in terms of percentages. This is purely on account of the product mix as I said earlier. So these are all numbers, then the Q2 on year-on-year basis, except the interest part which has been higher this quarter compared to the same quarter last year because of the additional borrowings happened during this 12-month period. This has resulted in PAT of Rs.3.03 crores against Rs.3.9 crores last quarter. Although the sales have been encouraging from a management perspective, this quarter we sold about 166 units for July-August-September. Another highlight of this basically we have one project Arihant Anchal at Jodhpur which is triggering the revenue for the first time this quarter. So the bottom line basically is revenue during this quarter increased by 28% compared to year-on-year although it has shrunk compared to QoQ. The EBITDA margin also decreased by 16% over the last YoY and the PAT has basically decreased by 18%.

Rest of the things, this time we have actually presented a slide on the projects in a different fashion to make it more meaningful, which I think Ashok Chhajer will now take over and explain.

**Ashok Chhajer:** Good Evening, participants. Ashok Chhajer here. I welcome everybody. We can throw the floor open for "Q&A".

**Moderator:** Ladies and gentlemen, we will now begin with the "Question and Answer Session." We take the first question from the line of Dhruvesh Sanghvi from Prosperotree. Please go ahead.

**Dhruvesh Sanghvi:** Can you throw some light on the broader Navi Mumbai as the market dynamics and how the current market is shaping up in the sense that there is a lot of problems that we keep hearing on the media side that demand is not there, etc.,?

**Ashok Chhajer:** In terms of development and the projects in and around Navi Mumbai, it is still topping the charts from the infrastructure point of view by the government. When we talk about the major chunk of Navi Mumbai that is Panvel region under construction projects to the tune of around 2234 units which has new launches after August 1, 2017, that totals up to the ongoing projects inventory on Panvel to around 25,000 houses and considering the size and the tenure with the registrations taking place, 25,000 for four years, something around 8,000 houses per year and the registrations in this area are already crossing about 9500, 10,000, 11,000 in this calendar year. So the demand and supply ratio seems to be pretty equal. The more of supply is not there because the area is now going to be developed by the three major special planning authorities, that is one is Naina which is under CIDCO; Panvel Municipal Corporation which is a second planning authority; and the MSRDC which is the third planning authority. All the three planning authorities have yet not come out with their master plans. Hence the urbanization of the users which has been earmarked but have yet not got the approval from the government, and it seems that at least for the next two years, there would be a time where all the final approvals in terms of master town planning, master plan and development plan would come across. This tells that

for the next two years there is not going to be very abundant supply and thereon once the supply comes across over a period of two to three years slowly, that would be time where the airport is expected to be completed, the MTHL link to be completed. So all in sync, it seems that the time there would be in very high demand, there could be supply. Today, the supply is to a larger extent less. About Arihant on this region, we have around five projects ongoing which comprises of around 2,400 units where concrete is being poured, where construction is ongoing, and that tells that we have a market share of around 5.63% in terms of number of units in the region and 4% in terms of saleable area. When talk about urban metro cities and adjoining peripheral areas, relatively, we have a good market share out of in this region.

**Dhruvesh Sanghvi:** Today, there was some announcement of increasing the carpet areas in the eligibility for the PMAY Scheme. Have you taken a note of it and if you know a little bit about it, can you just ...?

**Ashok Chhajer:** It has just come around 15-20 minutes ago and this would enable that the government is eager to support the purchase of an individual wherein the carpet area has increased for the interest subsidy where an individual can avail the benefit and for MIG it has increased from 90 to 120 sq.mtrs., so 120 sq.mtrs. is good enough which means something around 1200 sq.ft and for the other MIG-II group, it has been increased from 110 to 150 sq mtrs. So generally when we talk about Mumbai or metro cities, this is very pretty high size of apartment, but when we compare to Tier-II cities where people are more comfortable living in larger houses, so Tier-II cities would have now the advantage of also getting into individuals would have the subsidy when they buy a larger apartment of size and the Tier-II cities like operations where Arihant is there like Jodhpur, there are other cities where we do not have operations, but it is something like Indore, Bhopal, Nagpur, where the size of house is big and they are not as small as in metro cities. So it is a welcoming note and it shows that the government is taking care of the sectors, may be on a priority basis it may not be able to address everything, but coming days we expect that government would give good windfall benefits to the buyer as well as the developers.

**Dhruvesh Sanghvi:** If I understand correctly, in the presentation we have shared that category wise project profile, 66% low cost affordable housing between Rs.2000 to Rs.4000 per sq.ft., so this is at the saleable rate or this is at carpet?

**Ashok Chhajer:** Not saleable area, we take it as maintenance area which is allowable as per RERA regulations also where the common areas can be added for maintenance to an individual.

**Dhruvesh Sanghvi:** Typical unit value would be anywhere between Rs.25 lakhs to Rs.50 lakhs or I am wrong in this ...?

**Ashok Chhajer:** In this segment, it is from Rs.20 lakhs onwards and something touching below Rs.45 lakhs, but sector wise, you have termed it rightly from Rs.25 lakhs to Rs.50 lakhs.

- Dhruvesh Sanghvi:** In this case suppose if a buyer comes, who is eligible under the low income group or mid income group and today there are these housing finance companies giving advertisements about having Rs.2.67 lakhs as subsidy from the NHB or under the Pradhan Mantri Awaz Yojana, does it mean that it is a 10% discount on the selling price of Rs.25 lakhs home broadly is this...?
- Ashok Chhajer:** Yes, it is a discount to the price to the same extent what you are narrating.
- Moderator:** Thank you. Next question is from the line Amit Jeswani from Stallion Asset. Please go ahead.
- Amit Jeswani:** My question is about the recent order that we gave to Capacite of Rs.825 crores. This is more than the total revenue that we have done in the last 7-8-years. Could you just give some light on this order like how is it like expanding so big?
- Ashok Chhajer:** A) The project size is 3 mn.sq.ft which is something around 20% to 25% of the total size of the company. B) The project has received approval in the last month just before Diwali on this and the contract needs to be awarded to the top some good companies rather than doing it out in-house which we have been practicing for the low rise projects and we wanted to get right that this size of companies can execute the project in time and with the quality and specifications. This would also enable us to have more concentration on sales and revenues and it would be healthier for the project to get into and contract of this size. Yes, though, we have not been done so big size of projects, but with the projects in hand and the size of the projects which has been taken, this was required to be done and we are confident enough that it would sail through good for the specified scheduled manner of engineering.
- Amit Jeswani:** When do we complete this project -- Like it will be in phases, right, so do we have a plan that by 2021 or 2022 we will be able to finish the whole project?
- Ashok Chhajer:** The construction company has been given a target to hand over the project in a completed form by five years from now, that is around September 2022.
- Amit Jeswani:** Is it more expensive to give out to companies like Capacite or is it cheaper if we do it in-house?
- Ashok Chhajer:** Always, it is cheaper in-house. For companies of this cadre and in this category, because they have better engineering standards, systems and processes. The main approach has to be that the product needs to get right, correct and with the RERA it has to be guaranteed by good companies. So the company has guaranteed us with respect to RERA also. We could have saved into in-house, but there would have been some risk to it also by doing in-house. We have minimized the risk by awarding the contract to companies of this category.
- Amit Jeswani:** What would be the revenues that we can generate over this project in the next five years?
- Ashok Chhajer:** It would be crossing Rs.2,000 crores.

- Amit Jeswani:** The margins on this project would be somewhere around 20%, 25%?
- Ashok Chhajer:** Yes, around that and this project also qualifies into the category of tax exemption, ATIB, subject to the terms and conditions of the notification and the regulation.
- Amit Jeswani:** Is there a pricing difference between L&T and Capacite?
- Ashok Chhajer:** I would not like to comment on it on this platform.
- Moderator:** Thank you. Next question is from the line of Apurva Shah. Please go ahead.
- Apurva Shah:** Just needed clarity on this Arihant Aspire. What kind of realizations we do expect?
- Ashok Chhajer:** The total realization of the project would cross something around Rs.2,000 crores.
- Apurva Shah:** In terms of per sq.ft., our average realization is in the range of 3500-3800, so this will be in the similar range or like...?
- Ashok Chhajer:** This is in the category of (MIG) middle income group and the average realization would be something around 6,000 plus per sq.ft on the maintenance area. So the ticket size is targeted to be very niched out and very preferable to get size, it has been designed with the time the sector and where the demand lies, the construction already being initiated once we got the approvals, the excretion has been done to an extent of almost 75% to 80%, we have digged out to 30-feet below, the speed of the construction after the mobilization of the construction company would take up in good pace, and the marketing plans are up, the launch of the budget would be scheduled up in may be in the end of November or the first half December.
- Apurva Shah:** If I look at four years numbers, our realization is flat around 3500-3800 sq.ft., but margins have moved from 20% to 35%, so what explains the significant rise in the margin, probably one explanation can be launching cost, but what can be the sustainable margins?
- Ashok Chhajer:** Initially, when the company took up all the projects and the lands bought between the 2010 and half of the year 2012 where it was full of paid up lands and thereon on a project basis for approvals, this is the last project square feet which was left out for the approval. So the projects came into approval in case wise manner and that increased the administration cost, whereas the revenues had been less in the year '10 and thereon it gradually increased. So the investment into the infrastructure as well as the organization and systems and processes were proportionately high, hence you can see that the margins has changed out over the period of ages.
- Apurva Shah:** Shall we consider 25-30% be a sustainable range considering Arihant Aspire will start reflecting maybe next year onwards?
- Ashok Chhajer:** Yes, it can be something around it, not on the higher side, and may be (+/-10%) to 25%.

**Moderator:** Thank you. We take the next question from the line of Deepak Kapoor, individual investor. Please go ahead.

**Deepak Kapoor:** My first question is just a general question regarding how are you seeing the general availability of land or either outright purchase or joint ventures in your catchment areas, are you getting better and better deals as such?

**Ashok Chhajer:** Yes, business development already has a good pile of proposals in terms of asset light model for joint ventures, we are still evaluating and with the experience or the feelings which we have into the sector since '88 have seen all the cycles. We know that for a few months, it is not appropriate time to jump into any deals, but coming FY'18-19 that is April onwards, we would be shaking hands largely.

**Deepak Kapoor:** Why do you say it is not a good time for the next few months?

**Ashok Chhajer:** The sector is already seeing disruption and it is good time to still stay, there is not going to be any rush or a lost opportunity and also, right now, we are focused on implementation and the sales from the existing projects. So we will not like to burden up the sales team with new projects at a very fast pace, but, yes, 18 months from now, there would be something to the sales, so we will have to start with the new projects, tie-ups and if it happens all good from six months from now.

**Deepak Kapoor:** Is this also a function of you are probably seeing some demand softness and that is also making you pause and wait?

**Ashok Chhajer:** One, behavior of real estate which is there from decades, I would like to put it to everybody that it is always on an peak-to-peak and bottom-to-bottom when it is compared, the span is of 10-years right from 1980 to way back when real estate was defined by the rise in market due and it was defined by Cuffe Parade rates and similarly when it came the next peak came in '92-93 where it was Vashi, Navi Mumbai as well as Gurgaon, etc., which saw the major development. The next to 1992 was 2002-03 and thereon 2012-'13. So the '12-13 was the peak and the next peak would happen, is assumed as per our analysis, something around '20 to '23, and when you see about bottoms also, it is a five-year of downward trend and five year of upward trend. So the real estate behavior is from bottom-to-bottom when we speak. So it is about 10-years and we see the chronological order of bottom... '88 was bottom, '98 was bottom. 2008 was bottom during Lehman Brothers Crisis and 2017'-18 what we see is like we are hitting the rock bottom and thereon it would spring back gradually which by and large people would realize in the year of around '20, '21, '22, but things would start moving something 12-months from now on in upward direction.

- Deepak Kapoor:** My second question is on Arihant Aspire. One of the previous participants had asked you about what could be the profitability margin and I think you mentioned, 20, 25%. Is it not that the margin generally on most of your projects, that is what you target?
- Ashok Chhajer:** Generally, the margin is this but when we compare to a product size that is in Jodhpur, where the ticket size is around 2,200, there in terms of margin percentage it would be almost gearing, but in terms of value terms, it always goes down related to construction. So we operate in a bandwidth of 22% to 27%, 28%, the average works out to be as narrated somewhere nearest to 24% plus and minus.
- Deepak Kapoor:** Would not outsourcing this construction took us aside reduce these margins because some of them would be taken by ...?
- Ashok Chhajer:** We will try to more concentrate on sales and try to take up an edge. Even if the cost would be literally on a higher side, but what we will gain would be in terms of age of the project and be specific to complete it out and be good in time when the resources would be all in place. Had it been a small time contractor or an in-house, those are resources would have been available, but the implementation would not have been for such huge size of projects, would have been  
**(Inaudible) 28:51**
- Deepak Kapoor:** But you expect you might be able to still maintain those margins or maybe marginally lower?
- Ashok Chhajer:** Yes, we will gain in terms of period and what we see five years from now, it would be a parallel development for the project nearing completion in time and that is the time where even airport would get completed, that is the time where MTHL would get completed, then we would see that there would be an opportunity to cope up with the ready position stock which we would be having from this project.
- Deepak Kapoor:** The contract value was quoted as Rs.825 crores. Now obviously this is the construction contract with always cost inflation risk. Who bears that?
- Ashok Chhajer:** Such size of contracts are done on item rate basis with the basic fixed cost of materials. So if there is any variance, it would be towards the Arihant side.
- Moderator:** Thank you. The next question is from the line of Abhishek Anand from JM Financial. Please go ahead.
- Abhishek Anand:** My question is related to Arihant Aspire. As I read in the press release and as per your commentary, the project you are planning to launch under the India ATIB Scheme, is that complete one or some phase of it?



- Ashok Chhajer:** Projects are not launched under this scheme. It qualifies under the scheme whenever the statutory consultant would be offering the project for revenues to the tax department. So it will be at that time when the offerings would be done. When we talk about project launch, it is as simple; the buyer of the flat is nothing to do with the available rules and regulations.
- Abhishek Anand:** So as per my understanding that there is a size cap for ATIB?
- Ashok Chhajer:** The total project is designed for studio apartments and two bed rooms, hall, kitchen which are around 57-58 metres and the size cap for the ATIB scheme is 60 sq.mtrs.
- Abhishek Anand:** So the project mentioned in your list of Arihant Aspire projects is the same one, right, 3.126 mn.sq.ft?
- Ashok Chhajer:** Yes.
- Abhishek Anand:** We have already sold some flats of that and we have mentioned some 2,700 units investment, but if I divide 3.126 by 2.715, it comes higher than some 1100 sq.ft.?
- Ashok Chhajer:** Perfectly, the average size of maintenance area happens to be 1100 sq.ft., because it has contribution of 775 and 1205.
- Abhishek Anand:** So basically the additional part will be common which ideally should be subtracted from it?
- Ashok Chhajer:** Yes.
- Abhishek Anand:** Do we have enough clarity of what are the rules applicable for ATIB because if we are planning to give some incentives to the customers, we do need to require some kind of clarification whether ATIB is applicable on the project?
- Ashok Chhajer:** Right now, the rules applicable a) are that the flat size has to be less than 60 sq.mtrs, which we are in for the total complete project; b) during sales it has to be monitored that definition of family to buy the house is not more than one, so no one single family can buy two houses and we will take care of it. When comes to benefit to be given to the clients, the company and the management is right now not offering on the grounds of ATIB to the clients. Yes, it is going to compete with respect to the products in and around on the grounds of pricing as well as on the factors of design and quality and we would like to take an edge out of it and see that can we have a better market share than what we are having existing of around (+4.5%).
- Abhishek Anand:** As per my understanding, MAT will be applicable still on the project, is that correct, even if we get ATIB?
- Ashok Chhajer:** MAT would be an asset in the balance sheet which can be set off against the projects which would categorize for the next seven years eligible for taxes.

- Abhishek Anand:** In the same subsidiary?
- Ashok Chhajer:** The same subsidiary.
- Abhishek Anand:** Do we have any plans to merge it with the parent company so that applicability goes away?
- Ashok Chhajer:** Right now, no such decisions have been taken. So there is no comment on it from the management side.
- Moderator:** Thank you. The next question is from the line of Amit Jeswani from Stallion Asset. Please go ahead.
- Amit Jeswani:** This is a follow-up question, just to understand the Aspire part a little better. The total sales that we are going to generate is about Rs.2,000 crores, Rs.800 crores is broadly a construction cost, land cost would be Rs.200 crores broadly. So our ROE should be higher, our margins should be higher no?
- Ashok Chhajer:** The contract given to the cap side is of Rs.825 crores which has an supply of some part of the construction from our side, so the total cost to the project would be around Rs.1050 crores, the elevators, the interior designing, the site concept from Singapore who is doing the horticulture part, etc., that part are not a part of the contract. So if you want total up, it would be something around Rs.1050 crores plus 200 crores as land cost and add on to it some admin cost, sales and marketing, we will end up to the same figure as we have mentioned up in the concall today.
- Amit Jeswani:** Will ROEs or ROCs go higher because of this, because now we are like little asset light, because everyone is saying that by outsourcing construction, our ROC like go higher and that is the strategy which has been employed by all large builders including Godrej and Opera?
- Ashok Chhajer:** Yes, that would be a result to this project, as this land of project was bought at year 2010 and that was a very good price we can call, so the capital investment on land component is less.
- Amit Jeswani:** Does outsourcing help us increase the ROC?
- Ashok Chhajer:** No, outsourcing does not help to increase the ROC on direct manner, but given that the management can concentrate on sales and other parts of subject when handed over to good companies, it can lead to efficiency as well as entitlements and that is where the impact would be. So doing the project up for 10-years and 12-years which are there in and around going on projects in the same region and if we would be able to do it up in the shorter span of time, that is where would be the larger gains.
- Amit Jeswani:** Are we seeing a shift to organized builders as the real estate people we speak to., the unorganized guys are struggling a lot, but organized guys like your company are doing very well?

**Ashok Chhajer:** Yes, there is a clear shift largely and that is the major news which we see here and around and that would be what we call across filtration by the end of year '18.

**Amit Jeswani:** Our market share is about 4.5%. But what is our incremental market share like of the number of flats sold in Panvel area, example, is our incremental market share going higher, because unorganized guys are just not able to sell, so incrementally our market share should go higher, right?

**Ashok Chhajer:** It should go higher and at least for the next two, three years it would see up in higher market share and once the master plans and the development plans come in, and supply something around 3-4-years from now, we have a good tune-in period of 2-3-years where there is less competition and that can result into an incremental market share.

**Moderator:** Thank you. The next question is from the line of Shailee Parekh from Prabhudas Lilladher. Please go ahead.

**Shailee Parekh:** Very interestingly you explained about the five years of boom and five years of down type of phase, like '16-17 would be where things are bottoming out, but you mentioned like the next bull cycle would be somewhere around 2022 or 2023. During this four, five years, will we see a very consolidated phase where there will be a mediocre growth, because we are hearing also that a lot of money is flowing into equity, even real estate market is also flowing into equity market, so are you also seeing such type of trends as such?

**Ashok Chhajer:** As explained that it is always a gradual downward trend of five years and five years of upward trend. So it would be a gradual change in the market from year '18, '19, '20, '21, '22. Yes, the common people are the large people would realize it something around 2021. Just to explain about investors, a) if somebody would have invested around in the year '13 say around Rs.5,000 in under construction he would have poured up Rs.1,000 in '13, 1,000 in '14, 1,000 in '15, 1,000 in '16, 1,000 in '17, so all Rs.5,000 would have been invested and he always will have to wait for the peak to come around to have the best returns that is 2022 and an investor who is pouring in money today he is going to be light weight by pouring in say 1,000 in '18, 1,000 in '19, 1,000 in '20, 1,000 in '21 and 1,000 in '22. So that would result in a good return on his capital. This has been a behavior for the five decades and we have been into the industry since '88, so we visualize it and we are sure that this is the behavior it is going to be. For investors, a) it is going to be good; b) equity markets and SIPs there has been a good shift but when comes to an asset class on personal portfolios, majority of the Indian population still today understand more better in terms of gold and properties and that lever is not going to go away, there would be a phase where they would halt for taking decisions, but the direction to move in is going to be same.

**Shailee Parekh:** Second question was on your thing, like we were reading that we will be investing somewhere around Rs.4,000 crores over next six-seven-years over construction of our 15-ongoing projects in Navi Mumbai, Jodhpur, everywhere and the funding probably would be done to some extent

is internal and to some extent is debt, from your project also you can get Rs.4,000, 5,000 crores. But will there be a short-term mismatch between your requirement of funding and probably you are getting a funding from sale of your projects, will there be a capital raising requirement which will be coming in?

**Ashok Chhajer:** There can be a mismatch between our assumptions and that is why they are called assumptions and given there is a change we would adopt up require strategy to see that the projects sale through the implementation in right fashion and such that the business model works out favorable to the company.

**Moderator:** Thank you. The next question is from the line of Dhruvesh Sanghvi from Prosperotree. Please go ahead.

**Dhruvesh Sanghvi:** A couple of questions again; 8-10 ongoing projects are there starting with Aalishan to Arihant, Aarohi and all are completed anywhere between 9% to 90%... it is varying degrees of completion, to complete these projects what construction amount is pending to be done broadly if you can give some...?

**Ashok Chhajer:** It is something around Rs.400 crores.

**Dhruvesh Sanghvi:** Certain projects in the future pipeline apart from Arihant Aspire and Aarohi too which we have more details upon, can we expect each of them getting launched within next two years or we cannot say today?

**Ashok Chhajer:** The future projects which you can see in the chart given across are part of the existing projects because we call it, 1,2,3,4 that are phase wise, the new projects which would come up in the calendar year '18 which is not mentioned in this chart, where the agreements are done, the land is into acquisition, is a redevelopment project on asset light modeling, very premium category of Ashish Sector -17, so that would add on to the numbers what we see with the ongoing and future projects. It is under approval stage and it has moved out one level up for approval. We expect that being a product of a little higher ticket size, the time right would be around say third or fourth quarter of calendar year '18, that would add up more to the existing projects.

**Dhruvesh Sanghvi:** One more part on the balance sheet side; what would be our total gross debt as of today and if there is any cash deducting that and net debt?

**Ashok Chhajer:** Around Rs.255 crores is the net debt where the secured debt has been reduced marginally by around 2-3% from Q1 to Q2 and that would be the management movement in the coming years to see to it that to the possible extent we would have a good ratio out of it for '19, one year still it would remain same.

**Dhruvesh Sanghvi:** This would be around 11% as a cost of borrowing or...?

- Ashok Chhajer:** Right now, these all funds were tied up in the year '12-13 where the engagements had happened between a range of 13.5%-13.75% with the HDFC, ICICI, etc., the new term sheets or new category which we would be able to avail, once some of the debt of this is phased out, and some other projects would be adding on to it, we would get a fairly largely reduced rate of interest in the nearest future, we already have bought it out, but cannot make a statement today.
- Dhruvesh Sanghvi:** Against the ongoing projects of where Rs.400 crores of construction is pending, I am seeing the balance sold value receivable of around Rs.150 crores. So we will not have to raise any more money for the existing projects, we are hoping to sell extra and get the amounts from there itself to construct and complete these projects, am I right in assuming this?
- Ashok Chhajer:** For the ongoing projects, yes.
- Moderator:** Thank you. The next question is from the line of Apurva Shah from PhillipCapital. Please go ahead.
- Apurva Shah:** Just a broader question on industry and GST because we have been hearing about some tax provision in the GST for real estate sector. What is your thought process? Secondly, post-GST, how has been the rationalization happening across the industry?
- Ashok Chhajer:** GST has really impacted very largely to the industry and the sales were reduced to a greater extent because when we talked about GST, it is 12% and then 6% to stamp duty registration, 18% looks out to be very heavy for an individual to take a call during under construction stage. We hope that government would consider it as it has been louder that this sector supports around Rs.255 crores ancillary industries as well as this is the second largest employer after agriculture. We expect a comfort to be given to the end user from the government side.
- Apurva Shah:** One more thing on industry side, like if we look at last one year, first demonetization happened, then RERA and then again GST, so over this period, how is the sales momentum is happening at industry level and again at company level?
- Ashok Chhajer:** The sales at company level had hit very largely during demonetization time that is month, November, December '16 and January '17. It picked up during the months March '17, April '17 and May '17. After GST again it has dropped down. That is there on company as well as on sector basis both. Given the three big regulations come in which has hit the sector to a very-very large extent and still the sector has attraction that tells us that the sector has a good potential into it.
- Apurva Shah:** Post the Navi Mumbai airport, which the work has been already allotted to GVK, so are we observing any incremental consumer interest or any changes you people are seeing on the ground level?

- Ashok Chhajer:** Nothing, we are not seeing any change due to airport right now, because the airport the government has been talking almost one decade, maybe people would be able to believe once they see the runway ready.
- Moderator:** Thank you. That seems to be the last question. I now hand the floor over to Mr. Apurva Shah for his closing comments.
- Apurva Shah:** Do you want to make any closing remarks?
- Ashok Chhajer:** We thank everybody for getting into the concall. Stay tuned. We will do the best with the times ahead and relatively we would be doing good when compared to the other developers.
- Apurva Shah:** Thank you very much, sir. On behalf of PhillipCapital, I thank you all and I thank the management for giving us the opportunity to host the call. Thank you again. Bye.
- Moderator:** Thank you very much. On behalf of PhillipCapital, we thank the management and all the participants on the call. That concludes this conference for today. Thank you for joining us. You may now disconnect your lines.