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Date: 17th August 2023

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| **Security Code No.: 523716** | **NSE Symbol: ASHIANA** |

**Sub: Transcript for Earnings Call held on 09th August 2023 for the quarter and year ended on 30th June 2023**

Dear Sir,

Please find attached the Transcript for Earnings Call for analysts and investors held on 09th August 2023 to discuss the performance of the company for the quarter and year ended on 30th June 2023.

Kindly take the above information on record.

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

NITIN SHARMA Digitally signed by NITIN SHARMA Date: 2023.08.17 11:22:59 +05'30'

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

“Ashiana Housing Limited

Q1 FY '24 Earnings Conference Call”

August 09, 2023

**MANAGEMENT:** **MR. VARUN GUPTA – WHOLE-TIME DIRECTOR – ASHIANA HOUSING LIMITED**
**MR. VIKASH DUGAR – CHIEF FINANCIAL OFFICER – ASHIANA HOUSING LIMITED**

**MODERATOR:** **MR. BINAY SARDA – ERNST & YOUNG**

**Moderator:** Ladies and gentlemen, good day, and welcome to Ashiana Housing Limited Q1 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then zero on your touch phone Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from Ernst & Young. Thank you, and over to you.

**Binay Sarda:** Thanks, Yashasvi. Welcome, everyone, and thanks for joining this Q1 FY '24 earnings call for Ashiana Housing Limited. The results and the investor presentation have been mailed to you, and it is also available on the stock exchange. In case if you have not received the same, please write to us, and we'll be happy to send it over to you.

To take us through the results for this quarter and answer your questions, we have with us today Mr. Varun Gupta, Whole-Time Director and Mr. Vikash Dugar, CFO. We'll be starting the call with a brief overview of the company's performance of this quarter, and then we'll follow it up with a Q&A session.

I would like to remind you that everything said on this call that reflects any outlook for the future, which may be construed as a forward-looking statement, must be viewed in conjunction with uncertainties and risks that they face. These uncertainties and risks are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual reports, which you will find on our website.

With that said, I'll now hand over the call to Mr. Vikash Dugar. Over to you, sir.

**Vikash Dugar:** Good afternoon, everyone. Hope all of you and your families are keeping healthy. I welcome you to discuss the performance of the first quarter of FY '24 for Ashiana Housing Limited. Thank you for joining us today. Area booked recorded in Q1 FY '24 was 6.53 lakhs square feet as compared to 3.34 lakhs square feet in Q1 FY '23. Value of area booked also went up to ₹ 436.2 crores in Q1 FY '24, vis-a-vis ₹ 435.82 crores in Q4 FY '23 and ₹ 152.1 crores in quarter 1 of last year.

Ashiana Amarah's second phase was launched in April and the entire stock was sold out on launch, 224 units with a sale value of around ₹290 crores. Average realization went up to ₹ 6,684 per square feet in Q1 FY '24 as compared to ₹ 4,557 per square feet in Q1 FY '23. This was majorly driven by bookings in Ashiana Amarah Gurugram.

We handed over 3.32 lakhs square feet in Q1 FY '24, out of which 2.35 lakhs square feet were delivered in Ashiana Daksh Phase 2, Jaipur, which was fully handed over in Q1. This was against a delivery of 2.72 lakhs square feet in Q4 FY '23 and 2.11 lakhs square feet in Q1 FY '23.

Total revenue increased to ₹ 129.3 crores in Q1 FY '24, vis-a-vis ₹ 116.9 crores in Q4 FY '23 due to higher deliveries in AHL, which was 2.94 lakhs square feet versus 2.34 lakhs square foot. PAT increased to ₹ 10.87 crores in Q1 FY '24 from ₹ 10.38 crores in Q4 FY '23. Total Comprehensive Income (TCI) also improved to ₹ 11.2 crores in Q1 FY '24, vis-a-vis ₹ 10.51 crores in Q4 FY '23.

Pre-tax operating cash flow was recorded at ₹ 83.15 crores in Q1 FY '24, vis-a-vis ₹ 22.6 crores in Q4 '23. FY '23 was at ₹ 84.85 crores. This was aided by higher collections during the quarter.

On this note, I would like to conclude my remarks. We'll now be happy to discuss any questions or suggestions that you may have.

**Moderator:** Thank you very much. We have our first question from the line of Rohit from ithought PMS. Please go ahead.

**Rohit Balakrishnan:** So just a couple of questions to begin with. So, in the last quarter, you had mentioned that we are sort of aiming for ₹ 1,500 crores, and it seems that the first quarter was also decent from that perspective. Just wanted to get a sense how do you see this year? I mean the upcoming quarters, how are you thinking about that from a ramp-up point of view?

**Varun Gupta:** So, we continue to maintain a ₹ 1,500 crores pre-sales guidance for the year. The first quarter was very heavy with respect to Ashiana Amarah Phase 2 being launched in this quarter. And we'll do one more phase launch of Amarah this year, probably in Q4 of this year or late Q3 to early Q4.

So therefore, we will have a few quarters which might be very heavy in sales where you have a large phase getting launched of any project and some quarters a little lower. But overall, the ₹ 1,500 crores run rate seems to be good. We were also happy with the way July progressed for the year overall. So things seem to be on good track right now.

**Rohit Balakrishnan:** Right. So, that's good to hear. And I'm seeing your presentation, you've given the deliveries. So this year also is very heavy on delivery, right? I mean from a P&L point of view, these would be based on what realization? These would be more around ₹ 3,000 or a bit more, and gross margins on these would be like higher. I'm circling back to that question of ROE being 15%. So at these numbers, can we hit 15% of total ROE? Or given the realizations are low, this may not be the case?

**Varun Gupta:** So on the front of realizations, for all of these projects, we provide the realizations in a separate sheet. You can go through it and compile that, and that's provided across projects, what is the value of area booked as on date for each phase, this is on Slide 11. So that could help.

Overall, realization for these projects would be lower than earlier, but definitely not in the ₹3 ,000 range overall. I don't have the exact number handy ₹ 3,700 on average is what you can expect, but there is quite a bit of variation in different price brackets across this.

Gross margins on these projects would be lower than what we generally do. It will not be the 30% expected margins that we have. But that said, on the net margin performance, I think relatively things would improve significantly because our fixed costs will not go up in the proportion that revenues will go up. In order to get into the teens for ROE on a reported basis this year on a definite basis.

**Rohit Balakrishnan:** Okay. Got it. And the other question is now we don't have any major inventory and even in terms of land bank, obviously, you acquired one in Gurugram again recently. So, from that perspective, so this year, we will launch a few projects and we will probably get to that ₹ 1,500 crores. But given that the business is such that we need to plan at least a year before -- or at least a year before we think of launching, so how do you think for next year? Or what's your thought process?

**Varun Gupta:** So this year, we have overall five projects to launch, out of which the first one being Ashiana Amodh in Pune was launched in July, and then we have 2 projects in Chennai, 2 projects in Jaipur each. I think one of the good things that happened in July for us, secularly, sales have moved up even in running projects. When the second quarter data comes in, that would be useful. We have over 1 crore square foot in the future pipeline that we have, excluding Kolkata and Milakpur which are basically a little bit of a stuck. So we have 90 lakhs in future projects and about 10 lakhs square foot in the Gurugram's new land, so it's about 1 crores square foot.

So we have a good pipe overall, according to me, to keep launching right now in phases and keep things rolling as we go along. We don't want to have a very large pipe, I think. So, to drive return on equity with net margins, we also have to maintain our sales to asset or our sales to equity ratio and return on assets and return on equity. And in that perspective, I think if we build a very large pipe, our returns might get compressed. So we don't want to go crazy on pipe. We will keep having replacement stock and when we see larger opportunities to look at growth.

We did around 20 lakhs square foot of acquisition last year, including Sector 80 Gurugram and 2 projects in Jaipur. We are in active discussions for two transactions as well. So replacement pipe will keep coming. Until we see a very strong margins of orders, great opportunities in land whereby we can really ramp up our volumes and also maintain healthy margins at the cost of land that is there.

**Rohit Balakrishnan:** Makes sense. And just one more thing from a geographical point of view. So if I look at your overall saleable area, this is on Page 14 of the deck. So obviously, we've done really well in Gurgaon and that also is a future area. I just wanted your view on Pune and Chennai. I mean they have put together about 11%. What are your thought process on these 2 geographies? Is there a thought process to sort of ramp them up significantly in the next 2-3 years? Just wanted to hear your thoughts.

**Varun Gupta:** So yes, there are plans to ramp up both Pune and Chennai. There are plans to ramp up senior living as a larger part of the company. And in that context, in Pune, we have just launched Ashiana Amodh in July, which will make a large difference to the Pune overall proportion of sales and things that we're looking at.

In Chennai, both Swarang and Vatsalya, which are the 2 senior living projects we hope to launch in this financial year itself. And we see a very strong opportunity for senior living both in Pune and Chennai, and getting to now senior living contributing north of 20% of sales and revenues, and a little bit more of profits as we go along because we see higher margins. And hopefully improving to 1/3 over the next 2 -3 years. So, there is a large push in that respect.

**Moderator:** Thank you. We have our next question from the line of Himanshu Upadhyay from O3 Capital.

**Himanshu Upadhyay:** Congrats on a good set of numbers, and especially the year with the way it started. I hope the momentum continues. I have a question on buyback, okay? We chose the price of ₹ 301 and the company will pay a dividend tax of around 23%, which takes the effective price to the company of buying shares at ₹ 370. And the stock price was around ₹ 190. Can you explain the logic of it? And also, why not market buyback? Would not that have created more value for the remaining shareholders in the company? I understand it is a small amount, but again, it seems -- it may not create as much value.

**Varun Gupta:** Himanshu, A, it is a small amount, like you said. And B, I think we looked at it as more of a onetime distribution of cash flows back to shareholders and looked at it as an alternative to dividends as to how do we give cash back to shareholders rather than looking at it as another form of allocating capital and buying shares at a cheaper price, and therefore, it's a way to invest the capital of the company because it was more.

And when we looked at it, it was a tax-free cash flow back to shareholders. There was, obviously, buyback tax at the company. But overall, a more efficient way to reward shareholders back as a onetime distribution of cash flow. So that's the lens we applied as compared to the lens that you are applying.

**Himanshu Upadhyay:** And this ₹ 301 price, was there a cash flow basis method of valuation or the third-party valuation you chose.

**Varun Gupta:** No, it was just a premium to ensure all the shareholders participate in the buyback completely and everybody gets rewarded.

**Himanshu Upadhyay:** Okay. And one thing, the IFC deal we have signed, will it be only for the incremental areas that we will purchase? Or we can partner for that large HSIIDC project also?

**Varun Gupta:** We can partner for the large HSIIDC project also. And other than that, other fresh projects that we have too.

**Himanshu Upadhyay:** And any change in the terms which we had with IFC earlier?

**Varun Gupta:** No, it's on the same terms.

**Himanshu Upadhyay:** And this HSIIDC, have you paid the complete payments which were to be done?

**Varun Gupta:** Only 25% payment is made, Himanshu. The remaining payments are due after a year.

**Himanshu Upadhyay:** So we'll expect the project launch only in FY'25 and/or FY'26?

**Varun Gupta:** We hope to launch the project in FY'25 end.

**Moderator:** Thank you. We have our next question from the line of Praveen Agarwal, an individual investor.

**Praveen Agarwal:** I have a couple of questions. One, on the overall demand trend which you're seeing across markets. And second is a related question that in terms of price appreciation, the delta in terms of percentage terms, what you are seeing in the end product, which is either apartment, which you are selling versus the land rates. Essentially, is one growing faster than the other or they're kind of in tandem? Essentially, what I'm trying to assess is whether going forward, will our margins increase or it will be kind of stable or where we are?

**Varun Gupta:** So as of now, in my view, land rates have gone faster than price appreciation in the last 18 months. Land prices have appreciated at a rate faster than end apartment prices, okay. That said, now in a lot of pockets, I have started seeing land prices plateau, in some pockets not yet. And apartment prices continue to appreciate. So, in these pockets, I hope that the land prices will become stable and the apartment prices will catch up in the appreciation, so margins remain relatively stable that we are used to.

That said, all the transactions that we have done 2021 onwards, I think we were able to do generally at good terms and our margins on those projects are better than what we have had margins historically.

**Praveen Agarwal:** Okay. That helps. Just one last question. Any update on the Kolkata land which was stuck or the other one which was under the court order?

**Varun Gupta:** Both Milakpur and Kolkata are long stuck. We have not been able to see any light of day for them.

**Moderator:** We have our next question from the line of Asif Ali from Independent Advisors.

**Asif Ali:** So I have 2 questions regarding the proposal to co-invest with IFC - International Finance Corporation. So the first one is what are your identified projects?

**Varun Gupta:** We haven't identified a pipe yet for the IFC platform. It's too early right now. Once we've got the platform, now we are going to start identifying projects to put on the platform.

**Asif Ali:** Okay. The second one is what do you mean by the return linked to project-specific data? Can you put some light on this?

**Varun Gupta:** Can you say that again?

**Asif Ali:** What do you mean by the return linked to project-specific return for the identified projects?

**Varun Gupta:** I'm not able to understand what you were really asking Asif.

**Asif Ali:** Okay. So second question is regarding the return linked to project-specific return. So I just wanted to understand what do you mean by this.

**Varun Gupta:** Mean by what?

**Vikash Dugar:** Linked to project-specific return.

**Varun Gupta:** Okay. So, IFC Investment is not a fixed return obligation investment. They have a return in the project. So effectively, they make the return what the project makes. A little lower because we do get a higher rate of return on our capital that the company puts in. But effectively, their overall return is tied to the return in the project itself.

**Vikash Dugar:** That was what, Asif, you were asking for?

**Asif Ali:** Yes, yes. Thank You so much.

**Moderator:** Thank you. We have a question from the line of Rohit from ithought PMS.

**Rohit Balakrishnan:** Yes, I just had a couple of follow-ups. So I think 2 calls back, you were also evaluating some new geographies, be it Bangalore or Bombay, possibly living in the outskirts. So just wanted to get your sense have things moved forward? Or what's your thought process there?

**Varun Gupta:** We are very excited by the launch that has happened for Ashiana Amodh in Pune for a senior living launch in a fresh market. We are satisfied with the volume that has been received and the price that we have been able to command in that area. We are looking actively closer to Mumbai. We are in one very advanced deal discussions. But outside of that, we are still scouting and looking.

**Rohit Balakrishnan:** Okay. Sorry, could you repeat -- so this is in Pune, you were saying, the one that you were scouting for? I missed that part, sorry.

**Varun Gupta:** Yes. We are scouting around closer to Mumbai, closer to Panvel. We are in advanced negotiations and advanced discussions for one parcel already.

**Rohit Balakrishnan:** So, in your Hinjawadi project in Pune, Malhar, have you seen any price appreciation? And how has been the sell-through so far?

**Varun Gupta:** So the sell-through rate is okay. We have launched 2.62 lakhs square foot. I think August of last year was probably the launch. And we have sold 1.81 lakhs square foot as of 30th June. That is decent enough sell-through rate for us.

Price appreciation is not of the nature that we would have desired, but it is appreciated. So, we would have appreciated by about ₹ 300 a square foot. I think there is room for more, but that will take some time for us to be able to establish the kind of product that we do and how we are differentiated from the market, which will take a little bit -- I think, will take time until deliveries. And over a period of time, that will kick in.

**Rohit Balakrishnan:** Okay. Okay. This ₹ 300 incremental is on what base, Varun?

**Varun Gupta:** I'm not sure exactly, I will be giving again rounded numbers. I think we were selling at about ₹ 5,100 and we are at about ₹ 5,400 today. So, ₹5,200, we were selling that, and we are somewhere between ₹5,400 to ₹5,500 a square foot right now on a salable area basis. So that's where we're at.

**Rohit Balakrishnan:** Right. Right. Understood. So I mean that project, I think we face competition from a couple of other developers there. So are you happy with the sell-through? You said you are happy. Or you could have done better?

**Varun Gupta:** So no. So in Malhar, am I satisfied. Because it's the first project for us and, therefore, it takes time for us to establish our brand, yes, I am because the sell-through rate is good to keep the bottle chugging along. But from the margins that we are making in Malhar, we are not satisfied at all. But for that, we'll have to establish our brand further to be able to realize better prices. I think that's still a work in progress. As compared to Ashiana Amodh in Pune, where we're satisfied with the volumes and we are very happy with price activity.

**Rohit Balakrishnan:** Got it. Understood. And this Amodh would be where exactly, in terms of area, if you can just share?

**Varun Gupta:** Ashiana Amodh is located on Talegaon. So it serves both Mumbai and Pune from senior living perspective.

**Moderator:** We have our next question from the line of Deepak Purswani from Svan Investments.

**Deepak Purswani:** Just wanted to check it out. Firstly, in terms of the pre-tax operating cash flow, this quarter, we had done ₹ 84 crores. I mean from the run rate point of view, how should we take it from the next 2-3 year perspective, how it should shape it up?

**Varun Gupta:** Okay. So from this year's perspective, I think we are expecting pre-tax operating cash flows anywhere between ₹250 - ₹300 crores. This quarter was a little bit heavier than usual because I think there was a little bit of coverage of last year. Last year was a little slow. I think we had sold, but the collections came in, particularly in Ashiana Amarah, this year. And we also had overall a lower amount of construction in this quarter as compared to the proportionate amount of work that we'll do next year.

Like this year, we did 4.35 lakhs square foot as compared to 5.80 lakhs square foot in the last quarter. And the construction pace will also pick up. So overall, the ₹83- ₹84 crores is a little bit of aberration. But maintaining around ₹250 crores - ₹300 crores, run rate is something that we are aiming for this year. And hopefully, going forward, that should improve as sales value improves.

**Deepak Purswani:** Okay. And is it possible to share the numbers in terms of collection and construction outflow, sir?

**Varun Gupta:** We'll have to get back to you on the same. I think collection was around ₹ 250-odd crores this quarter.

**Vikash Dugar:** Yes, yes. It was around ₹ 250-odd crores, yes. Correct.

**Varun Gupta:** So I don't have exact construction outflow numbers. But there will be other outflows like JDA partner payouts will also be a pre this number. So there will be other outflows, not just construction outflows at that. And this year, we expect to collect anywhere between ₹ 1,000 crores - ₹1,100 crores and make pre-tax operating cash of between ₹250 crores - ₹300 crores.

**Deepak Purswani:** Okay. And in terms of the Gurugram market, sir, what should be our overall strategy in terms of the acquisition of the project and long-term strategic shares in terms of the overall sales profile?

**Varun Gupta:** Can you repeat the question for me again, please?

**Deepak Purswani:** Yes. With regards to the Gurugram market, micro market as a whole, what should be our overall strategy in terms of taking the market share, and also, in terms of overall contribution from the sales perspective from the next 3-5 year perspective?

**Varun Gupta:** Okay. All right. So I think Gurgaon, from our perspective, will contribute 1/3 of our sales and profits in general going forward, in terms of total revenue. In terms of area, it will be a little lower because it's a higher priced, and on a per square foot margin and an absolute profit and a per square foot sales price, it's a higher priced micro market than we usually operate in. But I would say 1/3 of our sales should come in from Gurgaon.

From a perspective of market share there, we don't have any market share strategy, Deepak. What we have is we want to play in the less than, let's say, ₹ 2.5 - ₹ 3 crores bracket and ₹ 1 crores and upward price point play there, give high-quality design, high-quality product, high-quality service and establish a brand that allows us to charge a premium price as we go along. And so I think that's the exercise that we're looking to do.

If we are successful in that, then from our growth perspective, I think we will be okay. We don't want to take our market share view. That's not something that necessarily we want to study and analyze overall. Just make a very competitive product and a great brand and do good to the customers. I think the play is large enough that we will get whatever we need as a developer in that matter.

**Deepak Purswani:** Okay. And sir, in terms of the average realization for the project launched this quarter, what was the average realization for the Gurugram project?

**Varun Gupta:** So, Gurugram Phase 2 was around ₹ 7,700 a square foot. If you look at Slide 11 of the deck that we shared, we have given that 3.77 lakhs square foot was sold and ₹ 290 crores was the value. So, it's about ₹7,700 numbers.

**Deepak Purswani:** Okay. And sir, in terms of the expansion plans with the IFC, is there anything committed or guaranteed return? I know you mentioned about the project-related IRR.

**Varun Gupta:** There is no committed or guaranteed return on the investment.

**Moderator:** We have our next question from the line of Manan Patel from Airawath Capital.

**Manan Patel:** Congratulations for very successful launches. Sir, the first question is, I wanted to understand your views on the growth in terms of square foot over next 3-4 years. So last year, we did around 2.6 million. And we have, as you mentioned, around 1 crores square feet of pipeline. So there could be less than 4 years if we consider the growth also. So what are your views on the growth in square footage? While I understand the prices are appreciating, realizations are going up, so sales are also doing pretty well. So how do we think of your aspirations or growth targets in terms of square feet over next few years?

**Varun Gupta:** Manan, I think we made the mistake last time of focusing on top line volume growth a lot in the last bull run. I think as a company, what we are going to do is we're going to focus on return on equity and keep deploying incremental capital well to generate further returns, which will create growth. If your capital base is increasing and your returns are stable, then your earnings are growing at that pace. That's simple math.

But the focus of the company is less on top line volumes and the focus of the company is on return on equity. As stated, our view is first, how we get to 15% return on equity. We do both economic and reported basis works. This year, we should definitely, on an economic basis, cross 15% threshold. And on a reported basis, I'm hoping to get into teens this year, and keep growing that.

And as and when we do that, our earnings and our top line should continue to grow. But that's the sort of focus, I think, we want to have as a company. And we do that, we'll be fine. So we don't have a top line number that we are chasing or volume number we are looking at from a 3-4 year perspective. We have actually not mapped that out.

**Manan Patel:** Understood. That's very helpful. And secondly, I would like to understand the time in the cycle we are in based on the demand and supply or launches happening in your major markets like Gurugram. So you mentioned that the apartment prices are appreciating, but land prices appreciated faster and now they are stagnating. So where in the cycle, do you think are we in terms of further appreciation in the apartment side?

**Varun Gupta:** Yes. I've gotten this wrong multiple times, okay? So the kind of bull run that has happened, at this pace, it would have been difficult to call. I was publicly commenting about 18 to 24 months ago that we are in a multiyear bull run cycle because of supply compression that had happened. Fortunately, absolute inventories across major markets, except barring 1 or 2, are not increasing yet, whereby sales continue to outpace launches. And till that happens and continues to happen, I think apartment prices will continue to appreciate.

By what pace, for how long, those are difficult things to call precisely. But again, right now, the sense is that it will continue on a multi-bull year run. And I am bearish on launches that launches will catch up a lot because the capital availability for the sector still continues to be restricted. And access to capital is only with a few developers. So till that continues, I think overall supply in the market will continue to be constrained.

The data I would like to look at, is absolute unsold inventory that's in the markets, are they increasing or are they decreasing? Right now, they are fairly stable, I would say, or decreasing slowly.

**Manan Patel:** Understood. And in terms of affordability, how long do you think the appreciation can last till the affordability gets shaped?

**Varun Gupta:** Again, it's a difficult thing to call for how long. But the first sign of affordability is when unit size in apartment starts compressing. So if developers start making smaller and smaller units, whereby 2-bedroom units will start outselling 3-bedroom units, the size of 3-bedroom units will reduce the size of 2-bedroom units, that will be the first sign whereby affordability is getting hurt, okay?

Right now, the demand for bigger-size apartments continue, and we continue to see apartment sizes increasing. So the signs of affordability issues are not yet there.

**Manan Patel:** Got it. So that's a very helpful indicator. Thanks a lot.

**Moderator:** Thank you. We'll take our next question from the line of VP. Rajesh from Banyan Capital Advisors.

**VP. Rajesh:** Okay. So my first question was that in your projects that you are launching, are you starting to see more investor interest? Are you tracking that? And what's the sense you're getting as to the customer that is buying those units?

**Varun Gupta:** Yes. So, V.P., 2 things- there are 2 kinds of investors. One are people who buy to hold and buy to let investors. And there is a different investor who wants to exit at possession, okay? We are a bit unattractive to this investor who wants to buy at launch and sell at possession because that can hurt a little bit. So we are telling all our customers that we will not allow any trade without you getting a sale deed registered and stamped, which increases the transaction cost.

So hopefully, in my view, it's keeping that buy-to-flip investor at a very low proportion of our sales right now. But we are getting interest from buy-to-let investor significantly, but which has always been the case in proportion of our sales. I think proportionately, they are changing. They make up about 50% of our apartment sales in general, and 50% would be owner occupiers of the units which are not sold to buy-to-flip investors, which are very low right now.

**VP. Rajesh:** Got it. And then the second question about the Noida market. You were looking at it a couple of years ago. Just was curious what's your prognosis now and is that of interest to you still?

**Varun Gupta:** I'm not able to make sense of the land prices there to do senior living there. I don't see margins are commensurate to the investment. So I find it difficult to make returns in that market as of now.

**VP. Rajesh:** Right. And in terms of your markets now, would you consider Pune as an established market for us? Or do you think it still is to be seen? And if you can just comment on that?

**Varun Gupta:** I don't think it's established yet. But the start has been good, and we are looking at it to do well for us. I think expectations from a senior living market of Mumbai-Pune, not just Pune, Mumbai-Pune as one sort of mission and by doing senior living there, we have high expectations of doing well there and the prognosis that we had gone in with in terms of demand for senior living and the kind of gentry we can attract there. In Ashiana Amodh, that prognosis is coming true. It seems to be going well.

**VP. Rajesh:** Got it. And just one quick question on the last year. What was your economic profit or ROI based on the economic profit, ROE rather?

**Varun Gupta:** Economic ROE, we were in low double digits, last year. And this year, we are looking at economic ROE to be in the high teens.

**VP. Rajesh:** High teens, Okay.

**Varun Gupta:** First quarter is giving a sense that we are on the right track.

**Moderator:** Thank you. We have a question from the line of Ajay Vora from Nuvama Asset Management.

**Ajay Vora:** Congratulations on good set of numbers. Just want to understand your thought process. So going forward, you said that we have broadly 10 million square feet kind of a pipeline, which we can build up over the next 4 -5 years. Is there a mechanism or what is your thought in terms of having a particular or, I would say, steady state EBITDA margins on each of the projects? So the realization may keep changing and the land cost and all the construction cost. But is there a mechanism where we are targeting a particular EBITDA margin on all the projects which we plan to launch going forward?

**Varun Gupta:** So margins do vary again project to project. We do have, what I would call, inventory gains and inventory losses, whereby between the time we do the deal and then we sell the project, markets can change dynamically. We look to underwrite 30% GP generally when we take projects. For own outright purchase projects, we look for a slightly higher number. For JV, we can leave a little bit. And this is at the project-level GP. Project-level GP to us is sales, less construction, less land, less approval costs. All project-related costs excluding sales and marketing costs.

And then from that, we reduce the sales and marketing costs. Sales and marketing costs right now is averaging about 4% in the company, maybe 4% - 4.25%, but ranging between 3% - 6% depending on where it is. And the other overheads are a little bit of a fixed item, right, which gets spread. And there is a degree of operating leverage there, depending on how much we are able to sell inventory.

**Ajay Vora:** No. But if I look at your historical trend, it has been extremely volatile at the company level. So I understand it changes at the project level. But at a consolidated, I'm not even asking for quarterly thing, but at the annual level, what sort of number post all the expenses, are we targeting any particular number, say, 15%, 20%, 25%?

**Varun Gupta:** Okay. Sure. Let me put it this way that the EBITDA margins at the company level have been depressed significantly because of this fixed costs that we are talking about overheads, which is leading to a high degree of operating leverage. So as and when revenues go up, our fixed costs will not go up significantly. So margins should definitely improve at the company level.

From a PAT perspective, I don't know so much of EBITDA, again, as we don't do the exact math. But from a PAT perspective, I think crossing 10% initially and going up to 13% - 14% is where we would like to get to under total comprehensive income (TCI) margin. So, TCI margins right now annually have varied - we have had losses and has gone up to 10.6% over the last 5-6 years. Getting to that 10% threshold and then going up to hopefully 14% - 15% in peak years as the PAT margin is what would be ideal, and hopefully averaging around 12% - 13%.

**Ajay Vora:** That was helpful. And considering the free cash flow which we will generate, broadly, that will be utilized for land acquisition and JVs, right, going forward? Or is there any other thought behind that?

**Varun Gupta:** No, there isn't. So we might sit on the cash also for a little bit if we don't see a lot of good deals coming in. As I've said earlier, we made the mistake of chasing top line growth. And therefore, we lost sight of whether the terms of the deal were making as much sense as it should be? Were we reasonably conservative enough earlier? So we might sit on the capital also, but ideally, it will be to deploy into land and JV to grow the business. That's the ideal piece.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments. Over to you.

**Vikash Dugar:** We would like to thank all of you for being on this call and being so patient with all the questions and answers. If we were unable to take any questions, please feel free to write to us directly or reach out to us directly. And with that, we would like to conclude the call.

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

**Moderator:** Thank you. On behalf of Ashiana Housing Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.