



“Arvind SmartSpaces Limited Financial Results for the  
Quarter Ended on September, 2018”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Conference Call of Arvind SmartSpaces Limited discussion on financial results for the quarter ended on September 2018. 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 “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kamal Singal. Thank you and over to you Sir!

**Kamal Singal:** Thank you. Good afternoon ladies and gentlemen. Great to be with you all again this time. We have announced the results for Q2 of 2018-2019 as on end September.

We have also announced first half results together with that as per the results we have add consolidated revenue of around Rs.46 Crores for Q2 against Rs.32 Crores for the same quarter last year, but just a small caveat here, most of the numbers that we need to keep in mind is that the previous quarters numbers are based on the old accounting standard, which was based on part completion method PCM as we call it and this quarter’s numbers are on project completion method so with that extent numbers might not be that straightforward comparable but nevertheless this is the topline Rs.46 Crores as we see and which is also against Rs.28 Crores of topline that we had in the immediate preceding quarter of course preceding quarter numbers were on the latest accounting standard basis only.

On the EBITDA side, we have Rs.9 Crores of EBITDA this quarter against Rs.12 Crores of EBITDA in the previous year same quarter numbers and Rs.7 Crores of immediate preceding quarter. PAT if you were to talk which around Rs.2 Crores, which is against Rs.5 Crores of same quarter and Rs.1 Crores of immediate preceding quarter.

Just to mention again that we had major change in accounting standards, the way accounts are to be reported and hence comparing the numbers with the last year same quarter might not be that relevant. From the numbers one thing, which comes out is that we are slightly low on our margins both in terms of EBITDA and PAT that also broadly is a result of change in these accounting standard, which essentially means that the sale, which happens first gets booked first now based on the earlier standard it used to be on weighted average realization basis, but now it is kind of defacto kind of thing which is coming out. For example this quarter we booked mostly the sales pertaining to one project closure and the specific sale of specific unit, which comes into these numbers pertain to earlier sales of project lifecycle and hence the average realization is temporarily looking like lower than what we have already achieved and hence this has significant impact on EBITDA numbers, but nevertheless on MI side and on the management side in the real sense margins are intact. The margins are very similar to what we have been reporting and the project has earned the way it had been shown earlier as far earlier standards in effective terms so that is as far as the growth financial numbers are concerned.

Some important highlights that I would like to share with you for the period that we are talking about. We have in the first half launched two important projects first is Arvind Aavishkaar at Naroda Road in Ahmedabad. This is our first tax exempt affordable housing projects. Total size of the project is around 1.2 million square feet, which is being developed in two phases and we have already launches phase one of around 6 lakh square feet comprising something like 600 units. The response to the project has been very good, very encouraging. We have sold almost 25% of the project within few weeks of launch.

The second launch has happened in Bengaluru it is project called Arvind Oasis. This is located at Tumkur Road right on the main highway. This project is also mid priced project where 2BHK apartment or something like Rs.60 lakhs to Rs.70 lakhs and 3BHK apartment costs little less than 1 Crores that kind of price segment. This project is also launched few weeks back and there are also we had a very, very encouraging kind of response and we have sold between 25% and 30% of 400 units that we have had since launch. So both these launches had been great as per our expectation and further to strengthen our project pipeline apart from these two recent launches, we have added two new projects, one in Pune and the other is in Bengaluru only.

Pune project is on JV basis where the relevant price are taken at around Rs.15 Crores, it is not very big projects, but this is the first one that we at a very prestigious location called Kothrud, so this project we are expecting to launch very soon. The whole process is on and most of them we will see it has already come in and we hope that in next few weeks itself we should be in position to launch this project once the RERA approval etc., come in so at the fairly advanced stage of approval etc., this is broadly 2BHK apartment scheme, comparatively higher end so that ticket will be between Rs.90 lakhs and Rs.1 Crores for typical 2BHK apartment there.

The second project, which we have taken, is on Tumkur Road only in bang. This new land is right adjacent to where we are doing our residential project called Oasis. We just talked about this launch sometime back so this one was a quick market opportunity that we came across being just about there sharing the award with this land and this land was right onto the main highway and hence there is a very great opportunity of doing both residential and commercial there. We are inclined to do this as a commercial development although our commercial portfolio had been very small historically, but we have been doing this since commission, developments here and there, so it is kind of that project, but in the context of profitability etc., is a very, very attractive project it seems. Land investment is very small around Rs.15 Crores again, but this can potentially give us Rs.120 Crores topline and EBITDA margin so the last few months have been quite eventful, two projects have been launched and two have been acquired and we are in the process of acquiring couple of more projects in next few months and in fact as we speak one of the projects that is at a fairly advance stage of finalizing we hope that we should be able to close that deal very soon.

So this is as far as the results and the general direction is concerned. One more update, which I think share with you is about the Ind-AS 115, which has been made applicable, which, is affecting in the numbers in the way we report in the way we could compare. Now under this accounting standard revenues are recognized on the basis of completion of contracts method, which is also called CCM and consequently revenues already recognized during previous year's need to be reversed.

Now up to Q2 financial year 2019, we have already reversed the revenues to that extent of Rs.398 Crores and booked revenue of around Rs.68 Crores out of the same till now. This has I think this way entire industry is doing this, simply option other than this and to that extent comparables are become a little difficult, but nevertheless we are here to continue reporting numbers on the basis of new standards. At the same time will keep flashing some of the comparatives wherever possible to give some meaningful insights to the investors. In fact such comparison and such statements which are affecting both scenarios etc., is already uploaded in the investor's segment of our website so if one wanted to understand the impact or the numbers into two scenarios etc., investor presentation, which is already uploaded some very good insights and you can obviously ask other questions through the website etc.

So that is very much about it from my side to start with may be we can now start taking questions and take the discussions forward.

**Moderator:** Thank you Sir. Ladies and gentlemen we will now begin the question and answer session. We have the first question is from the line of Gautam Behl from Moryan Capital. Please go ahead.

**Gautam Behl:** Thanks for taking my question. Sir you explained the margin situation fairly clearly, but I have one further question on that do we expect the margins to revert back to the 30% sort of level in the reported numbers also in the coming quarters or will that take a little bit of time now?

**Kamal Singal:** We have margins which are in the range of 30% in most of our projects category all of our projects and hence any orientation, which drags it down the quarter here and there will only mean that resultant quarter to reach to that average will actually slightly better than what is the average numbers so yes we expect certain coming quarters, averages that we have been otherwise reporting will come back to 30% kind of levels.

**Gautam Behl:** Sir underlying sales were about Rs.100 Crores this quarter, what is the sort of run rate for that in the coming quarter and may be in the next year that you can give us?

**Kamal Singal:** Our fresh sale has been very healthy this year, we had seen some very positive trends in new sales booking etc., across projects and across cities, this momentum is seen in Ahmedabad,

Gandhinagar, this momentum seen in Bengaluru so to that extent it has been fairly good three four, five months time that we had. We are selling anything between Rs.25 Crores and Rs.30 Crores per month that is the average has been so far in the six months, which has gone by, and we are very confident that this momentum will be maintained going forward.

**Gautam Behl:**

Sir one further question if I can squeeze in, when we talk about Rs.1000 Crores of topline in FY2022 which is effective guidance and we have operational cash flow for this quarter of around Rs.8 Crores that kind of topline will require a lot of external financing am I correct like are we looking more debt and more acuity dilution or what is the thought process there?

**Kamal Singal:**

I mean we understand that there will be cash required for further expansion etc., so there are multiple ways that we are planning to fund this, one obviously the Internal accruals, which are not as strong as to fund very large expansion for sure, but nevertheless we are hopeful that this surplus funds will only consolidate going forward as projects keep maturing etc. The other method of doing it is obviously debt. We have a very significant underutilization of reasonable debt level for the company. For example as for the old realistic method we are at 0.6 of debt equity level and which has temporarily gone up to 0.8 odd because of accounting standard, what has happened is all the past profits earned, which were being part of equity, having written back for at least for a temporary basis so obviously I will come back in next three to four quarters and hence while the absolute debt is by and large the same debt equity which seems to be up to 0.8 from 0.6, which was earlier reported, is going to come back to the same level if nothing else was to be done so 0.6 effective debt equity is fairly conservative and we feel that we have a scope to add I think one or two more projects in near future to debt itself and that will also keep that level to less than one, which is our target that we have kept for ourselves for a long-time and we will maintain that and despite that we should be able to add one to two projects to that funding. The third alternative obviously is joint development agreement that is what we have done in Pune for example to start with. It is very little investment or 1 Crores grants of numbers, we had been little conservative about joint allotment agreements so far so just to make that we are in full control of these usual things, which we do, but having done 14-odd projects across these two three cities we are fairly confident and we are getting fairly good options and alternatives in Bengaluru and other cities and we feel that there is realistic opportunity of adding few projects to JD route now so that is the third alternative and the fourth alternative is some sort of equity participations from outside debt project SPV level so there we invest comparatively less and we stay comparatively more in terms of profit sharing etc., debt equity and all that on that route also could be either ongoing option that exists so we are very confident that the kind of project pipeline that we have planned to achieve the numbers that we just talked through all these routes and options and combination thereof, we should be able to acquire the number of projects that we need.

- Gautam Behl:** Last one from my side can you give us a sense of what the free cash flow should be from the existing projects so the next two to three years just in terms of what are sort of high level sales numbers minus cost numbers should be next three to four years for the existing projects only?
- Kamal Singal:** We need to acquire almost like 10 to 12 projects and for that we will need Rs.500-odd Crores to invest apart from the replacement of projects that are currently maturing to that extent our expectation is that in next four to five years we will have internal accruals to let us say nearly Rs.400 Crores to Rs.500 Crores and those should be aided by underutilized debt and other routes have we just talked about to fund our growth.
- Gautam Behl:** Okay Rs.400 to Rs.500 Crores of internal accruals over the next four to five years?
- Kamal Singal:** This is just about the internal accruals but then we had many other options.
- Gautam Behl:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Nikhil Vaishnav from VD Investments. Please go ahead.
- Nikhil Vaishnav:** Thanks for the opportunity. My first question is related to Beyond Five what was some land issue was going on in beyond of that and when it will be result?
- Kamal Singal:** Beyond Five has been project, which is stuck for a longish time for the reasons, which are still not resolved and we are actively working on it. There is huge value of underwriting assets, which are already there with us so there is no commercial risk there as such because the underlying assets, which are already in our name etc., or the value of those assets are significantly more than what net investment that we had in these lands, but nevertheless we are very serious about this project. It is a great project to do. There are certain issues within the landlord group, which are still being resolved. We are hopeful that in next may be quarter or so I mean some very definite movement should come in, if you were to exit this project it is possible, but then we believe in this project and we believe that this is very valuable project in our portfolio and hence it is worth waiting for this resolution, which has taken longer than what we had anticipated but nevertheless the valuation is good and hence we are trying to find solutions and we are helping the landlord group to resolve issues amongst themselves, so this will continue this quarter or so, they should move and we should have some positive numbers.
- Nikhil Vaishnav:** What is the sales price per square feet and cost of construction of Pune project?

- Kamal Singal:** Pune basically price of around Rs.8000 or so on the selling price side and cost of construction will be all including overhead etc., will be less than Rs.3000 square feet.
- Nikhil Vaishnav:** What about land cost?
- Kamal Singal:** It is on a JD basis, joint development basis so it is only deposit that we had paid and we are expecting and overall I mean decent IRR etc., but it is JD projects so project of around 150 apartments and so the initial cash flow of land is fairly low.
- Nikhil Vaishnav:** My next question related to project basis like in Megapark, the sales is very slow so are we placing some difficulties in sales in Megapark and also if you see booking value we are seeing in Q4 FY2018 and Q1 FY2019 so could you explain this why it is?
- Kamal Singal:** In Megapark is an industrial plotting scheme. It was supposed to be hybrid of plotting and industrial shed scheme. This was on the JD basis and hence incremental investments were very, very miniscule. We just invested some Rs.4 Crores and as we speak on joint development basis, our investment is by and large out and we are cash positive already on the project and having said that the development looking at a market etc., we changed the product portfolio of this project and converted this whole scheme broadly into an industrial plotting rather than spending money on construction and waiting to sale shed, etc., after we changed this strategy the project has become very, very viable and the sales has now off late improved dramatically and as we said overall investment of around Rs.4 Crores expecting earning profits of around may be in excess of Rs.12 Crores to Rs.14 Crores with IRR of more than 35% to 40% of sold and hence it has been great project, our sales was slow and hence we changed our strategy, but post the change in strategy converting the whole thing into industrial plotting has got very well and we have seen some recent momentum, which is very good. We have recovered our money already broadly speaking and whatever is now left is the profits and we are hopeful that in next six to eight months time all the profits should also come back to us.
- Nikhil Vaishnav:** In Megatrade the inventory is not getting sold for the last two years so what is the problem we have facing in that?
- Kamal Singal:** Megatrade is a very old project and some small left over inventory is lying there some of it we are using as sales office etc., for newly launched project, Aavishkaar and Megaestate just next to this project and hence it makes sense for us to keep inventory etc., but having said that this is yes, our very old leftover some inventory, some Rs.3 Crores, Rs.4 Crores or so or which we now plan to just liquidate some investor also, but it is very sort of it is not really material in that sense, in the sense of overall performance etc.

- Nikhil Vaishnav:** Okay in Megaestate if you see the price realization in Q4 FY2017 it was Rs.3403 and it has dropped to Rs.2850 to the Q1 FY2019 so are we seeing trend of drop in prices in Megaestate?
- Kamal Singal:** There is no drop in price at all, it is prices have improved only. Being an industrial product price per square feet is a function of the quantum of construction and the open land which is sold together with that, it only reflects slight change in the product mix or in terms of how much land is sold in addition to the construction etc., if you sell some land along with construction and the derive the whole value just by the construction, the realization looks high otherwise it looks a little low, but in terms of prices etc., it has only improved and we do not see any reason for the prices to drop instead they should further improve.
- Nikhil Vaishnav:** In Q2 FY2019 what is the price realization of this Megaestate project like in Q1, it was Rs.2853 so right now what is the price realization?
- Kamal Singal:** I will have to come back to you on that specifically for this project, but obviously prices will not be less than whatever has said in the past for sure, but I will come back.
- Nikhil Vaishnav:** We were about to launch one project in Hyderabad so can you give some clarity as we are going to launch or we are seeing in which market?
- Kamal Singal:** We have been looking at two cities, Pune and Hyderabad that is what we had said earlier and we still actively our looking at these two markets. During the last three to four months' time if you could finalize one project in Pune so Pune in a way is starting off. Hyderabad while we actively looking at land parcels and options etc., we have not really closed any deal so far it remains on radar. Now the three to four projects that me take obviously there will be coming in one or two of the cities namely Bengaluru, Hyderabad and Pune but as of now nothing has been finalized in Hyderabad.
- Moderator:** Thank you Sir. The next question is from the line of Sunil Kothari from Unique Investment Consultancy. Please go ahead.
- Sunil Kothari:** Thank you very much. Sir I have two to three points just to understand revenue what we have shown this quarter first half? Sir basically what I am trying to understand is that revenue which has been shown as a quarterly numbers that is what we delivered and the money received that is what now accounting standard says?
- Kamal Singal:** Investor presentation you are taking?
- Sunil Kothari:** No normal numbers?
- Kamal Singal:** Normal quarterly numbers?



- Sunil Kothari:** Yes.
- Kamal Singal:** This is also sold and recovered.
- Sunil Kothari:** Okay Sir so now onwards whatever we completely sell and deliver then only we can recover?
- Kamal Singal:** Now onwards what you will see as an ongoing numbers in any real estate company will be based on what has been sold, realized, completed and delivered.
- Sunil Kothari:** Okay so there will be a very high variation on a quarterly basis, very naturally?
- Kamal Singal:** That is the problem in the new standard. That will make comparisons very difficult and you will see some peaks in terms coming in the numbers of at least those companies which are mid sized, very large corporation might have comparatively less variation and less delta, but small and medium sized even comparatively bigger medium sized companies will have this problem of having peaks coming into the numbers depending upon when a specific project gets completed, etc., then only you start booking in sales in that one specific projects so as you are very right in saying that it will be some fluctuations visible in the numbers going forward.
- Sunil Kothari:** Sir basically to understand and to track companies where I am invested is like Arvind Smart so what type of incremental effort or sales per square feet construction is going or what would be the criteria on which we should focus to understand that yes I will say compare to last year we are doing something more this year may be what the way you are expecting Rs.1000 Crores revenue in three or four years so what type of indicative efforts we should try to see and observe, which give indication that yes we are moving towards the direction?
- Kamal Singal:** Very good question and we see this as our part of the job to a price all investors and potential investors and making like easier for them in a competitively complicated the kind of atmosphere where numbers are not comparable and standards are such which do not reflect really what is actually happening, but has recently happened and what may be the numbers that you will see now will be the numbers that we would have sold some five to six quarters back etc., so the life has become little difficult for the investing community, but as a company we are doing everything in facilitating the understanding about company performance etc., one way to do it is to refer in detailed investor presentation, we are again uploading this presentation in fairly good detail earlier also, but now with this change in complex it is getting added to the numbers, we are adding more slides and more pages to kind of tell you much more about the projects pipeline, the recent launches new sales and also the impact of accounting standards vis-à-vis the old standard etc., but I think once you go through this presentation in more detail, sectors like new sales, project pipeline, recent acquisitions and

stuff like that should give you very fair idea about where the companies and where it is going forward.

**Sunil Kothari:** Right so Sir this Rs.1000 Crores revenues targets what we are giving is the annual revenue, which will book as per new accountings standard that is what we are targeting?

**Kamal Singal:** There will be a little bit of I think we will redo these numbers in a way and understand how this target of Rs.1000 will get impacted, but nevertheless the activity level, which was supposed to give us Rs.1000 Crores based on old standards will remain the same so if you were to acquire x million square feet of new space if you were to sell million square feet of exiting space etc., although projects remain the same but I think we will have to come back in really assessing how this Rs.1000 crores changes if at all. In my understanding because this number is three to four years target it should not have a very material impact because by the time major jerks would have been taken care so there should not be any significant change in the timeline that we need to achieve this target but having said that whatever minimal impact that it might have we will need to rework and tell you exact sort of impact on that, but broadly speaking as I said because this impact will should be absorbed in next couple of years or so etc., overall end target debt should not really change in terms of achieving this number as a target.

**Sunil Kothari:** Sir last question is looking at last 18 months or 24 months situation in our country with demonetisation and then GST and now financialization of the assets and so many changes how you see as Arvind Smart as an entity and as veteran of this industry what is your clue? How things are changing for you as a developer and we as an investor?

**Kamal Singal:** We are happier lot. i mean we are very happy with the RERA, we are very happy with demonetisation, we are very happy with anything and everything which is done to bring this sector into more organized and more formatted kind of segment of economy that is how growth can happen and that is how confidence can come in only when there is confidents by that we will want to invest so all in all this is a phase, which benefit us and anybody who has processes in place anybody who has governance in place, anybody who values customer, the deliverables., etc., obviously will be better placed in the marketplace. We also see a possibility of good healthy organized players getting more opportunities in the form of joint development options and land options, etc., at the same time, our credit availability to execute projects etc., will be significant higher in the organized sector so all in all I think we are very bullish about it, although there will always be some headwinds, which one faces in such structural changes from our way, but most of it I mean I would put number to extent of 90% of the headwinds, we have already passed through, the positives has started to taking in and when we see all these developments very similar homogeneous and they should in the overall context benefit us.

- Sunil Kothari:** Great Sir and Sir last question is year-on-year are you seeing any better demand scenario or it is yet to be seen?
- Kamal Singal:** Sir demand is stabilized that is what it is what is visible in our press release also and what we have observed is that at least organized players are able to sell at least similar numbers there or these changes etc., are slightly better numbers so all in all we see very decent traction in place.
- Sunil Kothari:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Priyanka Mehta, who is an Individual Investor. Please go ahead.
- Priyanka Mehta:** Good evening. My question is regarding the current project we see the area booked, there is no big movement quarter-to-quarter can you explain this? So in the Skylands area booked quarter-on-quarter that we do not see any big movement over there? Can you explain why this is happening?
- Kamal Singal:** Skylands had some challenges of sales that we faced three four months back. There was couple of reasons. One initially at the time of demonetisation in subsequent phases, lot of people believe that price correction is in form, etc., and hence overall sales went down and we faced actually a few cancellations also and we netted all of them off and we have now seen a very decent momentum in last couple of months or three months' time, we have started selling anywhere between 5 and 10 units on a monthly basis again and with all the efforts, which are being put now yes, we are very hopeful and we think that Skylands is on track and we have broadly sold maybe around Rs.70 Crores in Skylands that was target is to achieve Rs.100 Crores sale, which is equivalent to the construction cost that we have to incur on this project that is always our endeavor to at least make working capital neutral as well as cash flows are concerned on any projects so just Rs.30 Crores and we are very hopeful that within the next few months this target will be achieved and we have seen traction now in the last three to four months, we are right before three to four months, there was a little bit of slag happening in Skylands.
- Priyanka Mehta:** Sir Rs.70 Crores is overall or it is just happening in Q2? If you could be give the Q2 number?
- Kamal Singal:** No this is overall I mean topline around Rs.250 Crores in terms of sales it is around Rs.110 Crores out of which Rs.70 Crores already sold that number that we are taking about.
- Priyanka Mehta:** Q2 could you give me numbers for that what we sold in Q2? What area we have sold?

- Kamal Singal:** You can just refer the investor's presentation. It has all project wise numbers in terms of value and unit sold, for all the projects put together. You just refer for the investor presentation in the website so I mean just for your for your information, we got numbers, this year around 16 units that are sold in Q2.
- Priyanka Mehta:** Thank you. My next question is about we have about to raise funds in this fiscal year, what is the status for this and how are we going to be doing this?
- Kamal Singal:** I mean can you repeat the questions funds what?
- Priyanka Mehta:** We were about to raise funds in this fiscal year so how are we going to know about it?
- Kamal Singal:** There is no specific fund raising plan apart from the last tranche of preference issues that we had that preference issues, which were the second preference issue in the last couple of years has been completed and we have got all the money from the promoters and that money has flown into business already. Other than that the funding side is to be in the form of internal accruals or additional debt within the limited we specified or it could be to the JD routes or it could be SPV level investment from funds etc., but otherwise it is not specific plan.
- Priyanka Mehta:** In future also are we going to be doing it?
- Kamal Singal:** That will continue doing it. All these four options, we continued doing it and of course I mean these had to be done to fund fresh pipeline.
- Priyanka Mehta:** Thank you. That is it.
- Moderator:** Thank you. The next question is from the line of Sameer Cheddha, who is an Individual Investor. Please go ahead.
- Sameer Cheddha:** I would like to know about this Pune project you said joint development so Rs.8000 selling price and the salable area is approximately is it Rs.140000?
- Kamal Singal:** Something like that.
- Sameer Cheddha:** That comes to roughly like Rs.120 Crores of sales right?
- Kamal Singal:** Yes that is right.
- Sameer Cheddha:** What does the JD percent get I mean how is the revenue, is it revenue sharing?
- Kamal Singal:** It will be area of sharing and the way the formula is I guess it is around 40% or little less than 40% that you will go, is around one-third share which goes to them.

- Sameer Cheddha:** One-third goes to them so roughly we get around Rs.80 Crores of the share and the cost of the entire project is owned by us?
- Kamal Singal:** Rs.80 Crores is the base value. We might get little more in terms of other income etc., what is your next question sorry?
- Sameer Cheddha:** Entire cost of the project has to be owned by so that Rs.3000 which is said per square feet?
- Kamal Singal:** Yes.
- Sameer Cheddha:** It is to be borne by us?
- Kamal Singal:** Of course around Rs.45 Crores yes.
- Sameer Cheddha:** What is the name of the project?
- Kamal Singal:** We are yet to name the project, but generally it is supposed to be Arvind Elan so it is kind of finalized but most probably you are going to be calling it us Arvind Elan.
- Sameer Cheddha:** Okay you have launched you said right?
- Kamal Singal:** No we have not launched it. We are yet to launch it. Approvals are in place more so approvals are in place, but RERA approval is still awaited and a couple of them more that should happen very fast possibly completed major portion of approvals on this project and need should be hitting the market very soon.
- Sameer Cheddha:** In the starting remarks you mentioned two projects that you had launched could you explain just I missed that?
- Kamal Singal:** We launched Arvind Oasis and we have launched Arvind Aavishkaar. Oasis in Bengaluru and Aavishkaar is in Ahmedabad. Aavishkaar is affordable housing project, which income tax exemption with affordable housing starting from Rs.25 lakhs onwards and Oasis is in Bengaluru, it is high rise 22 floors apartment project where 2BHK starts from Rs.60 lakhs to Rs.65 lakhs kind of price package that has been launched in Bengaluru.
- Sameer Cheddha:** Oasis would be a sales value of total sales would be how much in that?
- Kamal Singal:** Oasis will be little less than Rs.300 Crores.
- Sameer Cheddha:** Okay and then Naroda and Ahmedabad project?

- Kamal Singal:** Ahmedabad will have two phases, both the phases put together the number will be around Rs.300 plus Crores or may be Rs.310 Crores to Rs.315 Crores, but we have launched off of it so may be Rs.150 Crores to Rs.160 Crores phase since we launched as of now part of that.
- Sameer Cheddha:** Again this Aavishkaar is joint development?
- Kamal Singal:** No the land is theirs. Oasis is also land purchase.
- Sameer Cheddha:** Purchase how is the land cost in Oasis?
- Kamal Singal:** Oasis land will be around Rs.60 Crores or so. Rs.60 Crores around Rs.1100 per square feet of square feet of FSI cost.
- Sameer Cheddha:** Construction again comes to Rs.3000 over here?
- Kamal Singal:** Little less than that.
- Sameer Cheddha:** Thank you Sir. Just one request I understand Arvind Smartspaces your disclosures have been very good, but as we look at Godrej and Oberio other companies usually our presentation is loaded on the BSE website and one day before the concall so we request you that if you could give us one day between the presentation and this could be really nice.
- Kamal Singal:** We have logistical and legal issue in that. Normally we do the call the same day the results are announced and the same very day presentation is uploaded. For example as of now the presentation is already up and it is visible, but to load or uploaded it one day before obviously it is not possible before the results are declared either will have to delay the concall which lot of us do not prefer.
- Sameer Cheddha:** Or at least sometime gap I mean two to three hours between the results and the call.
- Kamal Singal:** Possibly we will try to maximize this timeline that point is very well taken.
- Sameer Cheddha:** One more request I mean we have never been able to meet the management as such so I mean you usually Godrej and Oberoi they do once in two years of investor meet, if you could consider that it would be really nice.
- Kamal Singal:** Great. It is a great suggestion and we would do whatever best we can do educate investors that is our endeavor and we will keep doing it and your suggestion is noted. Mr. Prakash Makwana is here with me who is the Company Secretary, he indicates to me that something like this in their mind and we take the suggestion positively and will definitely do something about it.

- Sameer Cheddha:** Thank you Sir and best of luck for the future.
- Moderator:** Thank you Sir. The next question is from the line of Deep Master from Enam Holding. Please go ahead.
- Deep Master:** I had question on your sales given the change due to GST do you still plan to sell out launch?
- Kamal Singal:** We still plan to sell on launch? So I have not really followed your question if you can just elaborate on that?
- Deep Master:** Because of GST now under construction project incur GST so would that change your selling process in anyway would you look to get OC and then sell would you continue to sell projects on launch?
- Kamal Singal:** Obviously not. I mean it does not change life at all. We will be pushing as hard as we have been to sell the earliest way possible effectively customers who opt to buy early will get benefit in the real sense so they are supposed to earn and they must earn if they miss any new projects so that strategy does not change it all and we price it accordingly and progressively as project progresses the prices are supposed to go up. There is generic misunderstanding about impact of GST post completion and pre-completion etc., so for any GST charged when the project is under construction, the costing obviously incorporates this tax and the proportionate credit on taxes that we pay on the inputs, which comes back to us. Now what happens is this price obviously is taking care of that. The moment of project is completed, the tax credit which are taken during the construction phase are to be reversed back and paid to the government to the extent or the proportion in which inventory is unsold during the time of project completion that means effectively the cost goes up on the other side so on one side you do not have to pay GST in overall the context of cost to the consumers, on the hand your input cost has gone up because proportionate input credits have to be written back that could be some little few percentage here and there in terms of gap between what reversal happens and what GST rates are, but then to remain neutral we have to increase price, immediately after OCs are received in any projects so that broadly at least directionally takes care of the effect of GST when the project is during construction phase and once consumers start understanding and appreciating it the simple truth is that if I were selling something at Rs.5000 while I had not received the OC for a project and I cannot sell the same product that Rs.5000 post OC because that will be harmful for me in terms of profitability. I will not be able to maintain my profitability fee in post OC and hence I will be forced to increase prices to the extent of credit reversals on loan GST upon getting BU so broadly it does not change that for simple question.

- Deep Master:** If I understood that correctly the input credit that you would get while the project is being constructed, you somehow pass that on through pricing I did not get that second bit you said when you get the input credit on unsold inventory you have to pay that tax to the government?
- Kamal Singal:** Yes you have to reverse the credit you already taken on the cumulative basis in proportion to what has been as remained unsold on the update of OC, so hence the effective cost on the inventory, which is unsold those up on the day you get OC.
- Deep Master:** But as you said that inventory do get some credit back or is that pass back on you?
- Kamal Singal:** No nothing, we will just increased the cost, you in proportion pay or write back already claimed credits against GST and hence the effective cost goes up for the remaining inventory that has to be passed into the customer so it is like you do not pay GST but at the same time to cover additional cost post OCs you have to charge a little extra.
- Deep Master:** Going forward you will be doing JDs or given your selling process spread, is it common for the both landlord only and is it handled by Arvind SmartSpaces itself,? You handle Sir on the question on JD model, selling for both landlord and the company itself?
- Kamal Singal:** Yes in all JDs.
- Deep Master:** Okay thank you so much.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.
- Kamal Singal:** Great. It has been a great journey so far last four to five year especially since the demerger that we had in 2015 although on a smaller days we had been consolidating, we had been registering healthy growth in almost all the major parameters the topline and bottomline in terms of EBITDA, PAT etc., growth has been fairly consistent and we have decently healthy pipeline which we will become healthier and more robust as we go forward and there are all building blocks in place to achieve that. Having said that there will be some bit of ambiguity which will keep coming in the numbers that we report and from our side as we just keep explaining and facilitating understanding of these numbers through various initiatives including our investor presentation etc., for investors who take a very conscious call on the company. On the downside not the downside on the caution side, there has been a little bit of hardening of interest rate that we have seen through various mean all of our aware of various reasons in the economy and money situation and NBFC issue etc., so we believe that these interest rate issues are very short-term and most of the things stabilize and comes back to a normalcy, they should not remain for a very long time, but having said that industry which is interest rate sensitive, but from our point of view and from consumers point of view, any



increase in home loan rates obviously effects our sentiment and the cost to the buyer at the same time, companies like us is not overtly dependent, but still whatever extent that we borrow for the working capital etc., there cost also matters, not significantly, but really it is a fact in overall numbers so that is caution that we have in our mind and we are working around it and we are very hopeful that this temporary spike in interest and this trend of possibly increase in home loans etc., should not be long-term issue for us. So all in all we have been very satisfied with the company has been moving and we are hopeful that we will be able to maintain this growth trajectory going forward as well. Thank you very much all of you for being part of this and Happy Diwali to all of you and that is it from our side. Thank you.

**Moderator:**

Thank you very much Sir. Ladies and gentlemen on behalf of Arvind SmartSpaces Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.