Transcript

Conference Call of Omaxe Limited

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Presentation Session

Moderator: Good evening ladies and gentlemen. I am Moumita, moderator for this conference. Welcome to the conference call of Omaxe Limited to discuss the FY12-13 results. We have with us today, Mr. Mohit Goel, CEO of Omaxe Limited, Mr. Sudhangshu S. Biswal, President – Corporate Finance of Omaxe Limited and Mr. Amit Mehta, Senior General Manager. Now, I would like to hand over the floor to Mr. Sidharth of Concept PR. Please go ahead sir.

Sidharth: Thank you Moumita. Good evening everyone. Firstly, on behalf of Concept, I would like to welcome Mr. Mohit Goel, the CEO of Omaxe Limited, Mr. Sudhangshu S. Biswal, President – Corporate Finance and Mr. Amit Mehta, Senior General Manager. Also, I welcome all the analysts present here. Thank you so much for joining here. Now, I hand over the call to Mr. Sudhangshu Biswal. Sir, please.

Mohit Goel: Sidharth, I will be taking it forward, that is Mohit Goel.

Sidharth: Okay sir, yeah sir.

Mohit Goel: Okay, first of all thank you for joining us this afternoon for Q4 and FY2013 results discussion. There is another employee of ours who is there on the concall, who is Abhijit Diwan. He is GM, IR, Investor Relations.

Abhijit Diwan: Hello everybody. Abhijit here.

Mohit Goel: We would like to update you with our financial results for the quarter ended March 31, 2013. The total operating income for the quarter is Rs. 679.67 crores against Rs. 603.58 crores and it is up by 12.6%. The EBITDA for the quarter stood at around Rs. 55.13 crores against Rs. 62.25 crores in Q4 FY12. The PAT for the quarter stood at Rs. 35.66 crores against Rs. 23.73 crores over the corresponding quarter last year and it was up by 50.3%. I hope I am audible to everyone.

Moderator: Yes sir, go ahead.

Mohit Goel: With respect to operational update for the quarter, following details are noteworthy. The company during the quarter launched a group housing project in Lucknow with 2.3 million square feet of saleable area having sales value of Rs. 530 crores, which we have entirely booked. In terms of the total booking for the quarter, we booked an area of around 3.49 million square feet, of which 2.8 million square feet was built up, 0.23 million square feet was plotted and around 0.46 million square feet was commercial development. The total sales value of this area was around Rs. 799

crores, with the average realization of Rs. 2,289 per square feet. For the year ended 31st March 2013, the total operating income stood at Rs. 2077.54 crores against Rs. 1848.75 crores in FY12, up by around 12.4%. The EBITDA for FY13 stood at Rs. 256.06 crores against Rs. 257.04 crores in FY12. The PAT for the financial year stood at Rs. 105.68 crores against Rs. 90.38 crores in FY12, up by 16.9%. The total income for FY13 includes Rs. 151 crores from construction activity and Rs. 1,927 crores from real estate activities. In terms of booking, an area of 11.39 million square feet has been booked in FY13, consisting of 3.86 million square feet of plotted, 6.38 built up, and 1.15 commercial. Total sales value of this area is approx. Rs. 2,373 crores with average realization of approx. Rs. 2,083 per square feet. Two projects which majorly contributed in the revenues were Omaxe City, Chandigarh and Omaxe Grandwoods, Noida.

Now, I would like to brief you on the cash flow position of the group. The total cash flow from operations during the quarter was Rs. 553 crores. The same has been mainly utilized for construction and other overhead expenses to the tune of Rs. 503 crores. Rs. 101 crores have been utilized towards selling and admin expenses. We have repaid debt of Rs. 98 crores and we have given the interest of around Rs. 65 crores. For the financial year 2013, total cash flow from operations stood at Rs. 2,234 crores. The same has been utilized towards construction, overhead expenses of Rs. 1668 crores and Rs. 441 crores have been utilized for selling and admin expenses. We have repaid debt of Rs. 500 crores during the same year along with the interest of Rs. 192 crores. The company availed fresh loans of Rs. 536 crores, including 243 crores in Q4 only. As of 31st March 2013, the gross debt equity ratio of the company is 0.58. Net debt equity ratio is 0.45. The gross debt in absolute terms is Rs. 1082 crores. Net worth of the company as on the 31st March 2013 is Rs. 1859 crores. This is the brief highlight and a small presentation from our end. Now, we will open the floor for all the questions.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

The first question comes from Ms. Priyanka Singh from DSIJ Limited. Please go ahead.

Priyanka Singh: Hello?

Mohit Goel: Yes, Priyanka.

Priyanka Singh: Sir, I want to know the new regulatory bill for real estate, what is your view on this?

Mohit Goel: We are absolutely comfortable with the bill. I am happy that this bill has come. This would be the take of all the top real estate developers all across India. So, I think I can say that on behalf of all of them that all the listed firms, who have been working transparently and are absolutely managing their corporate governance, they will be happy with this thing, because the small developers they tend to tarnish the image of the whole sector per se, so which would be stopped from happening absolutely.

Priyanka Singh: Okay. And sir, I wanted to know that what is your future prospect, like about your company?

Mohit Goel: Future prospects about the company?

Priyanka Singh: Yeah.

Mohit Goel: I have already given you the last year details. Next year we are thinking of doing tied-up sales of Rs. 3000 crores and we would be majorly concentrating on three States, Haryana, Punjab and Utter Pradesh. In Haryana, majorly Yamuna Nagar, Rohtak and Bahadurgarh. In Punjab we will be getting new projects in Chandigarh and Ludhiana. In Uttar Pradesh, we will be majorly concentrating in Noida and Lucknow. So, these are the areas where we would be expanding our base in the next year and as I said tied-up sales would be around Rs. 3000 crores. And we will be selling area of around 8 to 10 million square feet.

Sudhangshu Biswal: I just think I would like to add to what he said. We are talking about FY14, can you hear me?

Priyanka Singh: Yeah, sir what is the area?

Sudhangshu Biswal: 8 to 10 million square feet with the average realization of about Rs. 2500-2600 and we are expecting realization of Rs. 3000 crores for FY14. But, I would like to take you back to FY12 and FY13. For FY12 we have sold 9 million square feet with a realization of Rs. 1500 crores approximately and FY13 about 11.39 million square feet, with a realization of, realizable value of approx Rs. 2400 crores. So, there is a growth of around 55% in terms of value and 29% in terms of the area sold. From here on our realization is going to go up, because of the changing product mix. So, that is going to be 3000. So, from 2400 crores as Mr. Mohit said, we are going to reach about 2800 to 3000 crores.

Priyanka Singh: Okay, thank you.

Moderator: Thank you. The next question comes from Mr. Amit Agarwal from SBICAPS. Please go ahead.

Amit Agarwal: Congratulations on a good set of results. Couple of questions from my side on the balance sheet per se…firstly, what is the net debt level you are comfortable with? Are you going to maintain it at 0.5 or are you going to be increasing your debt level?

Sudhangshu Biswal: I have been stating repeatedly in my last two-three earnings call, last two-three years rather. We are comfortable between Rs. 1000 to 1200 crores and that is what we have been maintaining. And our debt equity is between 0.5-0.6 that is the range we are in actually. If you look at today, we are 0.58, but if you look at net debt equity, that is 0.45. So, gross would be about 0.5 to 0.6, that is the range we are going to be there.

Amit Agarwal: Right. And what is the interest cost on this debt currently?

Sudhangshu Biswal: Average cost would be about 16%.

Amit Agarwal: Isn't it a bit high related to what other developers at least tell us?

Sudhangshu Biswal: I do not know to whom you are comparing us with actually. And let me tell you one thing, we are rated company and we are one of the few real estate companies who are rated by CARE for last more than two years.

Mohit Goel: Amit, I would like to add on this one. We have recently launched the FD scheme, fixed deposit scheme. And we have got tremendous response beyond our expectations. We have already collected around Rs. 50 crores from the market in the last three to four months at the rate of 12.5% to 13%. So, we are definitely getting the average interest cost which you are talking about now. So, that is the aim now.

Amit Agarwal: So, can I assume that you would be bringing it down to about 12% to 13% going forward in the next two to three years?

Mohit Goel: I cannot say that right now, cannot say that.

Amit Agarwal: It depends on the market liquidity.

Mohit Goel: Right. And we think that 16% is pretty normal and pretty manageable. There is no problem on the debt side. We are servicing our debt level and we are very much comfortable with this level of debt. And I can say this thing that coming forward in say next two to three years, the debt equity ratio any which way will reduce, because we will maintain this debt level, but my revenue and profit is going to go up. So, next three years I will be expecting debt equity ratio, gross debt equity ratio would be around 0.4-0.45, next two to three years is what I am telling you right now.

Amit Agarwal: Sure. Couple of other questions on the balance sheet. What is the goodwill on consolidation and secondly why has the long term loans and advances gone up year on year?

Mohit Goel: Can you repeat your question?

Amit Agarwal: Can you explain what is the goodwill on consolidation and why have the long term loans and advances gone up year on year?

Mohit Goel: Amit is going to answer it.

Amit Mehta: Yeah, I am answering, Amit Mehta here. We are doing business in Omaxe Limited and for buying the land we have about 90 subsidiaries. In the subsidiaries land is being purchased from the market at market price. So, whatever the market price of the land and what is the cost price of the land in the books, the difference is reflected as goodwill. Whenever we are calculating all these accounts, it is showing goodwill on consolidation.

On the advances which are increasing, when we are doing expansion, when we are buying the land, we are giving advances to the agriculturists/land-owners on PDC basis and in two-three months the land is being purchased. So, till that time advances are being shown in the books and then it is remitted into the land.

Amit Agarwal: So, what was the total land bank, if I can put it this way, in end of FY12 and what is the land bank as of end of FY13?

Amit Mehta: Total land bank we are maintaining about 4500 acres of land.

Amit Agarwal: So, 4500 acres as of end of FY13, is it?

Amit Mehta: Yeah.

Amit Agarwal: And what was it in FY12?

Amit Mehta: FY12 was 4300.

Amit Agarwal: Okay, so not much of addition. In terms of million square feet, any ballpark number on that?

Amit Mehta: Just about 8 to 9 million square feet we are adding every year.

Amit Agarwal: No, no, when you say 4500 acres, how much does it translate in terms of million square feet?

Amit Mehta: 124 million square feet of area.

Amit Agarwal: Okay. And why has the trade receivables fallen when you have rising sales?

Amit Mehta: Pardon?

Amit Agarwal: Your trade receivables, debtors.

Amit Mehta: Trade receivable what we are doing is on the basis of the accounting. For the accounting we are saying, whatever you have built and if the money is received, that is only the trade receivables.

Amit Agarwal: Yeah, I agree. But, when you are showing rising sales, I would assume the trade receivables also to move up. So, I was just wondering on that.

Sudhangshu Biswal: As per the payment plan, whatever the sales have been made, it is as per the payment plan. So, whatever the payment plan we have raised the bill, we have received the money.

Amit Agarwal: Yeah, okay. Sure. One more question. I believe the promoter shares are pledged. So, any possibility of revocation of those pledged shares or when will they be released from the pledge?

Sudhangshu Biswal: No, no.

Amit Agarwal: No comments on that one?

Sudhangshu Biswal: Sorry, can you repeat the question again?

Amit Agarwal: I believe about 58% of the promoter shares are pledged. So, any possibility going forward in revocation of those pledged shares or release of these pledged shares by the promoters?

Sudhangshu Biswal: Yeah, on an average the shares have been released on monthly basis. So, we have been repaying on continuous basis and our share pledging is going down further, that is a continuous process.

Amit Agarwal: No. I am talking about the pledged shares.

Sudhangshu Biswal: Yeah, I am talking about the pledged shares only.

Amit Agarwal: Pledged share is expected to come down?

Sudhangshu Biswal: Yes, yes.

Amit Agarwal: From 58% to what can I expect by end of FY14, where will it be?

Sudhangshu Biswal: It should be less than 50%.

Amit Agarwal: Less than 50%. And what is the purpose of the pledge if I may ask?

Sudhangshu Biswal: We have taken working capital loans for projects.

Amit Agarwal: Okay. Can I request you again, I know you mentioned it, but in a pretty fast pace earlier. In FY13, if you can just give a brief background, brief idea of the sales which you made in what projects and where, is it possible?

Mohit Goel: Yeah sure, the sales you are talking about?

Amit Agarwal: Yeah, FY13 firstly your sales and also I want which sales have you recognized in FY13? They are two different things.

Mohit Goel: Right. Give me a minute. In FY13 we have done, we have sold area of around 11.39 million square feet, of which 3.86 is plotted, 6.38 is built up, 1.15 is commercial. The total sales value of that area is around 2373 crores, with average realization of Rs. 2083 per square feet. And if I talk about the projects, the major project which has contributed to the sales are Lucknow, Yamuna Nagar, Chandigarh, Bahadurgarh, Rewari. These are the major contributors to the sale.

Amit Agarwal: Okay. Going forward what is the kind of climate we are looking at, especially in Tier-II, Tier-III cities, when you are looking. What I keep hearing from the press and especially when I talk to the industry consultants, that the markets for example in Gurgaon, (audio break), especially Noida is pretty weak. So, are you seeing the same thing happening in other areas also? If that is the case, how do you expect to increase the revenue?

Mohit Goel: Amit, let me just tell you, I don't know about the media, but you are absolutely right in terms of Gurgaon and Noida, NCR has been falling. If I compare with last year, the new launches this year is around 40% less. So, NCR is down and I completely agree with you. But, Tier-II, Tier-III story is intact. There is no problem. There is no sort of pressure which I am feeling. And everybody, all the developers in NCR are trying to actually enter Tier-II places. So, that is one. Second, there is no fallout or no price correction happening in Tier-II, Tier-III cities, because the demand of Tier-II, Tier-III places are absolutely end user based and not investor based. So, in NCR majorly market contributors are investors. So, sometimes they take the rates so high and so quickly that it stops, it halts and sometimes it gets corrected as well. So, that is one reason, Tier-II, Tier-III, it is low and it is stable. But, I am not seeing any sort of correction happening there and not in terms of volume, not in terms of price.

Amit Agarwal: And you don't expect this, you expect the market to remain good in Tier-II, Tier-III cities in FY14-15 as you move forward?

Mohit Goel: I see it absolutely stable. I am not seeing a negative. I am not seeing like there will be a bumper profit and there will be like the prices would be doubling, nothing of that sort. It is going to remain stable in terms of price and in terms of volumes. Like, this year as I said that we have just given a target of around Rs. 2800 to Rs. 3000 crores of tied up sales; majorly I am concentrating on Lucknow and Chandigarh. So, Chandigarh and Lucknow together I think we would be able to sell Rs. 1200 to Rs. 1500 crores. And one more thing, I want to add here Amit. Are you there with me?

Amit Agarwal: Yeah, yeah, tell me.

Mohit Goel: Yeah. So, Tier-II, Tier-III story goes like this. I have given deliveries in 21 cities and 9 States and that is the only area where I am expanding. So, my image and my capability over there is known to everyone and I am like a monopolist player over there. So, for me selling there is not a problem at all. If suppose, let me just give you an example, Lucknow, the whole of Lucknow real estate market sells around Rs. 3000-3500 crores of product per annum, that is per annum. Out of Rs. 3000-3500 crores of products per annum, Omaxe does around Rs. 1000-1500. That is only because I am a big major player there. So, wherever I am expanding, I am good in terms of my branding, in terms of all capabilities which is required by the real estate company.

Amit Agarwal: Okay. Just coming quickly to, I know probably this is the last question; I have taken up enough of your time.

Mohit Goel: No issues.

Amit Agarwal: Coming quickly to your margins which I saw, for the full year rough average would have been in the real estate in EBITDA level, you are getting about 22% margin and in the construction business you are getting barely 3% margin. Am I correct or am I making a mistake somewhere?

Sudhangshu Biswal: Yeah.

Amit Agarwal: So, construction business 3% margin, is it sustainable?

Sudhangshu Biswal: That is why actually we have hived-off the business actually. So, in March we have sold that entire business. Now, there is no more construction business with us.

Amit Agarwal: Okay. That is one of the points which you had in your report.

Sudhangshu Biswal: Notes to account. If you look at the notes to account, it is there.

Moderator: Mr. Agarwal, sorry to interrupt, if you could speak a little bit louder, because it is a bit hard to hear. Thanks.

Amit Agarwal: Sure. I just wanted to understand this point. Omaxe, I remember when it was, when it went for IPO; it was a mix of construction and real estate. Then it moved off from construction and purely into real estate and post the fall, it came back into construction. So, am I to assume that it is going to be not pure real estate and no more construction?

Mohit Goel: Absolutely. We are just concentrating on real estate business, that's it.

Amit Agarwal: And are you going to outsource the construction or do it in-house as you have been doing?

Mohit Goel: We are going to do it majorly in-house, but there is a possibility that in coming future, we could pick up projects in which, suppose we have to make buildings of G+30, G+40 at that, probably that particular project we may outsource to say L&T or Shapoorji.

Amit Agarwal: Okay. One last question, can you just give me ballpark cash flow, rough cash flow for FY14?

Mohit Goel: In terms of collection?

Amit Agarwal: Yeah, collections and construction cost, as you pointed out interest, debt repayment, the key factors.

Mohit Goel: Amit, this is something very, very futuristic. I can just give you one major figure, that we are going to do tied up sales of Rs. 3000 crores. And if I talk about revenue recognition in the book, I can say there will be revenues of around Rs. 2400 to Rs. 2500 crores, with profit of say Rs. 130 crores, with profit margin of 6%. So, that is the figure which I can give you. And regarding cash flows, I can get back to you personally.

Amit Agarwal: Okay. I will take it offline. Thanks, that is all from my side for the moment.

Mohit Goel: Thank you Amit.

Moderator: Thank you. The next question comes from Mr. Ravi Dodhia from CRISIL. Please go ahead.

Ravi Dodhia: Thanks for my taking my question and congratulations on a good set of numbers. I have three-four questions; one on the current status of Allahabad project.

Mohit Goel: Okay. You want to ask all the three-four questions?

Ravi Dodhia: No, we will take it one by one.

Mohit Goel: Okay. Allahabad project as you know has been stuck in the Court, because of certain reasons. But, I am expecting it to get out of it like within a month or two. That is what we are thinking. That is the position of Allahabad Court case, Allahabad project.

Sudhangshu Biswal: But, Ravi it is partly stopped, it is not entirely stopped.

Ravi Dodhia: Yeah, yeah. So, another question was with the real estate bill coming in though it is only passed by Cabinet currently. But, if that is implemented in the Allahabad project, what can be implications?

Mohit Goel: Can you again repeat that? You are linking Allahabad case with our regulatory bill?

Ravi Dodhia: Yeah.

Mohit Goel: No effect, no correlation whatsoever. Allahabad case is absolutely different.

Ravi Dodhia: No, no, where I am coming from is that the bill stated that you should have all the approvals in place before you can launch a project. I believe some 270 crores of sales have already been done in Allahabad project.

Mohit Goel: No, no, I think we are getting confused over here. Allahabad project, let me just give you a brief background about the Allahabad project. Once we launched, we sold our project. We had all the approvals with us, then only we launched it and we sold it. In the middle of the project, like once it was running and construction was happening, we were about to give possession for something as well, then this case came up and because of the case the whole project was stalled. And I will not say the whole project, partly, partial project was stalled. Are you aware about the case?

Ravi Dodhia: Yeah, yeah, I am aware.

Mohit Goel: So, partially the project was stalled. So, it has no relation whatsoever with the regulatory bill. We had all the compliances, all the approvals to launch the project.

Ravi Dodhia: Okay. And you are expecting that; the case will be sorted out within a month or two?

Mohit Goel: That is what we are expecting, yes. Actually it was supposed to be solved this May itself. But, now the summer vacation has come. So, because of that, Courts are generally, they don't work that often, considering these I am saying two months.

Ravi Dodhia: Right. And when have you launched this project in Lucknow, this Hi-tech project in Lucknow?

Mohit Goel: Hi-tech Lucknow we haven't launched.

Ravi Dodhia: Okay, so 2.3 million square feet which you mentioned.

Mohit Goel: That is the integrated township we have in Lucknow and that is not at all related to Hi-tech.

Ravi Dodhia: Okay, so this 2.3 million square feet at single location; if you can just give us some background about the buyers.

Mohit Goel: Background about the buyers?

Ravi Dodhia: As in, it looks too high, so just want to get a comfort from your end.

Mohit Goel: What is looking so high?

Ravi Dodhia: 2.3 million square feet of bookings in a quarter.

Mohit Goel: It was not even a quarter. To be very honest, we sold it in a month. We didn't even take a quarter I would say. We sold this project in a month. Let me just give you an answer for this one. I was just talking to Amit from SBI and I was telling him that in Lucknow there is a whole real estate of Lucknow sells around Rs. 3000 to Rs. 3500 crores of product per annum and out of which I am selling around 30% to 40%. My image in Lucknow would be like a Trump image in the US. So, that is one thing which really helped me to sell my product very fast. So, that is the reason.

Ravi Dodhia: Okay. And what about Hi-tech cities, Lucknow, where are we planning to launch…?

Sudhangshu Biswal: Not yet decided. We are still in the process of acquisition and all. We have not yet decided.

Ravi Dodhia: Okay. And with respect to offer for sale, what is the current status?

Sudhangshu Biswal: We have diluted about 5½% of the total, out of 15% and another 8.79% to be diluted. And we are confident we will be able to do full.

Ravi Dodhia: Okay. I will get back in the queue. Thank you.

Moderator: Thank you. The next question comes from Mr. Nilesh Karani from Magnum Equity Broking Limited. Please go ahead.

Nilesh Karani: Good evening sir.

Mohit Goel: Good evening.

Nilesh Karani: Sir I just wanted to understand, the thing is like, for this last quarter basically, when you see your standalone and consol numbers both, sir our expenses have gone up and our EBITDA has come down. And if you see quarter, standalone our margins have just strained to almost zero levels. I am talking about PAT margins. I think we have made only 1.8 crores or something.

Amit Mehta: See, whatever business we are doing, we are doing in holding company as well as the subsidiary company. So, whatever our flagship projects are going on like in Chandigarh, they are in the subsidiary company, whatever the Noida projects are going on, they are also in the subsidiary company. So, when you see the standalone and consol, you are seeing that difference. So, that is why the EBITDA has gone down, otherwise the profits remain the same.

Nilesh Karani: No, no, even on the consol basis if you see it sequentially from last quarter it has almost gone down by more than 35% odd, the numbers, I am talking about the ballpark numbers. I think December quarter it was 72 crores or something…

Amit Mehta: Because, EBITDA is mainly dependent on the product mix what we are, how we are doing the revenue recognition as per the POC. The more plots are coming, the EBITDA will be high. When the more built up will start coming, obviously the EBITDA will go down.

Nilesh Karani: Okay, but then further like this was the last quarter and still what we feel going ahead, our EBITDA will be impacted?

Amit Mehta: It will be more in the same range, 12% to 14%.

Nilesh Karani: The current quarter's range?

Amit Mehta: It will remain in the 12% to 14% range.

Nilesh Karani: Okay. After hiving off your construction business also, it will be into the same 12% to 14%?

Amit Mehta: Construction business is only 50 crores a quarter and will hardly have an impact of 0.5% on the EBITDA margin. It will not be that significant so that EBITDA will be doubled. It is hardly 50 crores business for the quarter.

Nilesh Karani: Okay. Thanks sir. Thanks sir.

Moderator: Thank you. The next question comes from Mr. Ravi Dodhia from CRISIL. Please go ahead.

Ravi Dodhia: As per the press release, as in, in the results you mentioned that construction in two of the companies was suspended. So, which are these projects?

Sudhangshu Biswal: Ravi; this matter is actually sub-judice. So, we cannot talk about it in the conference. The matter is in the court.

Ravi Dodhia: Okay. And regarding the tax in the current quarter, why it is negative?

Sudhangshu Biswal: That is because of the MAT credit.

Ravi Dodhia: Okay. But, still you have to pay MAT?

Amit Mehta: There is a gap between the tax and the book profit in the tax, as per the taxable income, as per the Income Tax Act. So, that credit is because of that.

Ravi Dodhia: Okay. Thank you.

Moderator: Thank you. Next question comes from Mr. KC Suri from Span Capital. Please go ahead.

KC Suri: Okay. What is your average construction cost per square foot?

Amit Mehta: It depends. It is depending on project to project.

KC Suri: Okay. So, a range would be great.

Amit Mehta: It would be from Rs. 1000 to Rs. 1600.

Sudhangshu Biswal: It depends on the location and it varies accordingly.

Mohit Goel: Let me just give you an example of that. If I am selling a product of plot, my construction cost would lie between say Rs. 600 to Rs. 800 per square feet, nothing more than that. If I am doing a built up of say G+2, G+3 structure, my construction cost would be there from Rs. 1100 to Rs. 1300 per square feet. But, if I am doing a structure of G+17, G+18 which is a proper group housing then the construction cost goes to like Rs. 1400 to Rs. 1600 per square feet.

KC Suri: Now, just another thing is that you have sizable land bank which you told Amit. So, you have now 4500 acres, you have about Rs. 2000 crores odd in your recognition. How do you see this company growing say probably two or three years down or probably three to five years down? What kind of size do you see for this company in terms of probably area under execution and things like that?

Mohit Goel: That is a tough question to answer. This sector changes every two years, three years. You never know there is a downfall say two years, three years down the line, everything is going to change, like all the strategy and everything is going to change. Like three years back we were confident enough that we will be selling everything as built up. But, then built up was not selling because of whatever reasons, so we shifted to plotting. Once we shifted to plotting, all the revenue, all the profits, margins were reduced. Now, we are able to sell built up, because of the market. So, I cannot give you the horizon of say five years. But, if you can ask me for the next one year, I will be able to say that. So, I don't want to make any comment, which I won't be able to achieve.

KC Suri: So, you are expecting about, recognition of about 2400 odd crores with 6% margin and expecting fresh sales of 3000 crores in the next year?

Mohit Goel: Yes.

KC Suri: Fine then. I will probably get back to you with the data ready on that and we can probably take it further from there.

Mohit Goel: Right.

KC Suri: Thanks so much.

Moderator: Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypads.

There are no further questions. Now, I hand over the floor to Mr. Sidharth for closing comments. Go ahead sir.

Sidharth: Thank you. Thank you very much. I thank all on behalf of Concept Public Relations for participating and being a part of this teleconference. If you have any further queries, please drop in your mail at sidhartha@conceptpr.com or cherian@conceptpr.com. Once again thank you so much for joining this conference. So, we would be much glad to assist you at any point of time. Thank you so much. Thank you sir for joining this conference. Thank you all. Thank you Mr. Mohit, thank you Mr. Sudhangshu S. Biswal and thank you so much Mr. Amit Mehta for joining this conference. And thank you all the analysts joining this conference. Thank you so much.

Mohit Goel: Thank you.

Sudhangshu Biswal: Thank you, take care. Have a good day.

Sidharth: Yeah, good day.

Moderator: Thank you sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good evening everyone.

Note: 1.This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.