"Arvind SmartSpaces Limited Q4 FY22 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Arvind SmartSpaces Limited Q4 FY22 earnings conference call. On the call we have with us Mr. Kamal Singal – Managing Director and CEO, Mr. Avinash Suresh – Chief Operating Officer, Mr. Ankit Jain – Chief Financial Officer, Mr. Prakash Makwana – Company Secretary. Please note that a copy of disclosures is available on the investor section of the website of Arvind SmartSpaces Limited as well as on the stock exchanges. Please do note that anything said on this call which reflect the outlook towards the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

As a reminder, all participants' 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. With that I would like to hand over the floor to Mr. Kamal Singal for his opening remarks. Thank you and over to you, Sir.

Kamal Singal: Thanks a lot for starting this conference. I welcome all the participants for sparing time to be on this call. Thank you very much again.

Coming to the results that we have just announced for the financial year ending 2022 March and also the last quarter Q4 of 2022, it's been two consecutive years of very significant and healthy growth and momentum for us. Last year, ending March of 2021, saw one of our best years in terms of sales at (+) Rs. 500 crores for the first time. Obviously, we knew that to be able to achieve this momentum we need to invest in the pipeline. Of course, due to COVID and ambiguities attached thereon, we obviously had a kind of a pause in our investment cycle. We wanted some uncertainty to kind of recede before we again open up the investment cycle in a big way and that happened, of course, last year, then we achieved a very-very healthy sales, fresh sales so to say. The great news is that the momentum has continued through this year and from (+) Rs. 500 crores we have clocked a number of (+) Rs. 600 crores this time. And of course, with the revival of investment cycle, we are now looking at a significant inventory getting added in near future so that we have more avenues to sell and more products to sell, more geographies to sell, more micro-markets to sell, and all those blocks when it comes to creating the pipeline are in place. We are hopeful that we will do all that.

But just for a moment, coming back to the macro side and economy. I think we have seen some tremendous turnaround in various parameters, macro and micro that were possibly a little far-fetched. There was sounding a little farfetched during the pandemic crisis so to say. But of course, most of the things have moved on. We have seen a very stable regime in terms of interest rates, in terms of costs, etc., last 20-24 months. Of course, affordability has been at its highest with the lowest kind of interest and the stable and lowest kind of raw material prices and demand accumulating due to pandemic, all that we saw. And then also a basic change in the mindsets of people. It all added up to an environment which kind of delivered the kind of growth we saw. And we sincerely believe that even if they are some small structural changes happening here and there, the momentum will continue, and we have seen that in the last four quarters and we are very hopeful that this will remain so in the near future.

The key words here are that there is a significant amount of consolidation happening in favor of trusted corporate players. Residential focus has really paid off for the players who are focused. Mid-price housing is doing great, and it's supposed to be the main driver and it's something that we all like, and we want to clearly have a focus on those, and we are doing that. B towns like Bangalore, Pune, Ahmedabad, etc., are doing great and they are very-very consumption-oriented markets, less dependent upon investors and hence more sustainable. These markets are more sustainable doing good and expected to great, place with a great technical in terms of governance. I think that's something which is playing out in the market in a much better and significant way. And anything which has a track record, people who have delivered in the past, people who have stronger balance sheet, people who are not burdened with that kind of reasonable, manageable, leveraging levels, those are the guys who possibly become stronger and stronger. So, we have an environment where strong players are expected to become stronger. And the B category developers possibly will be getting marginalized so to say, if that's the right word to use. So, all in all, great business environment and great opportunity for all of us and people like us to grow and consolidate.

Coming to this year's numbers:

We have a witnessed a growth of 14% in fresh sales to Rs. 601 crores from 529 crores. The revenues grew by 72% to Rs. 257 crores. EBITDA by 21% to Rs. 49 crores from Rs. 40 crores last year. PAT by **186%** on a small base, Rs. 25 crores against Rs. 8.7 crores last year. Our collections were very healthy and it was great satisfaction in fact this is possibly one of the reasons that we have wiped out our entire debt and we are sitting on a surplus as we speak which is waiting to be invested in newer projects. So, collections grew by 83% to Rs. 595 crores against Rs. 326 crores last year. We launched two projects, rather two phases of the existing projects. One is called Chirping Woods and Forreste Phase 4 in Ahmedabad during this year which meant an inventory leasing of around 40 lakh square feet. For the quarter, similarly fresh sales actually show a decline of 27% Rs. 150 crores but this is against a quarter last year which saw two significant launches and that's how this thick line is visible on a piece of paper. But what basically this says is that the momentum of Rs. 50 crores run rate on a monthly basis is continuing. We have clocked Rs. 601 crores for the year and Rs. 150 crores for the quarter. So, in that sense in the same place. Operating revenue grew to Rs. 161 crores because we just recently received a couple of building permissions which obviously then augment the revenues in the books of account and that's the reason that we show a very hefty growth here to Rs. 161 crores vis-à-vis Rs. 64 crores last year. EBITDA is at Rs. 22 crores against Rs. 14.9 crores last year. PAT at 14 against 6.6 and collections are also fairly healthy at Rs. 160 crores vis-à-vis Rs. 133 crores last year. And of course, as I said, interest we have a negative kind of interest making funds now to let you know, Rs. 107 crores. And that's mainly a result of very healthy cashflows that we have had.

So, this is all in all the summary of numbers and the kind of micro macro environment that are witnessing. There are of course, a lot of tailwinds that we just discussed in terms of consolidation, in terms of viability, in terms of opportunities, in terms of consumer orientations to buy bigger and larger and better houses, in terms of government policies to push affordable and even other kind of houses in the marketplace. A lot of spending and augmenting the spending and infrastructure from the government side, etc., These are obviously great tailwinds for all of us. And at the same time, of late post the quarter we have also seen some of the headwinds, possibly if we can call them right away, maybe a little premature, but interest stays after almost I think more than six or eight cumulative quarter we have seen interest rate showing trends of increase so to say. We will see how it plays out in the marketplace. But there definitely is a trend which is showing its early kind of signs where interest rate might start becoming or might get consolidated to a certain extent. The other aspect to watch out for is the input cost, which obviously has gone up dramatically in the last 3-4 quarters. As compared to last year the increase has been significant in any case. So, that is another thing to watch out for. We are doing SOP it enough to more steps to see how we get impacted to the least possible extent and to whatever extent such increases in cost can be passed on in the market without really affecting the demand in any significant way. But having said that these two things are to be watched out for in the times to come.

So, that's pretty much from my side. Maybe we can now have questions and answers. You may raise questions if you have any.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of the Kirthi Jain from Canara HSBC OBC. Please go ahead.

Kirthi Jain: My first question is with regard to the progress on the launch of the Sarjapur project and Devanahalli project. Where are we and any contiguous business development, we have been able to do with regard to either of the projects, if you can highlight that would be great.

Kamal Singal: We have been progressing fairly decently on both these launches and as we speak, we are coming closer and closer to launch these two projects in sequence. We hope that at least one of them will be launching H1, and in fact, even the other one might get launched within H1 itself, if not one month here and there. So, we are progressing well. Devanahalli phase one which is around 27 acres, the land use has happened already. It's in our hands. The final leg of approval in terms of getting the plans approved is happening as we speak. So, it's all in place. For further aggregation, Devanahalli is a project where we could add more land. As we speak, we have crossed 60 odd acres of total land acquisition there. I guess earlier it was more like 35-40 acres. Now we have crossed more than 60. Of course, this project has increased significantly in terms of size and scale. And we are not stopping still, and we want to invest more and make it bigger to the extent of anything between 80-100, that’s the entire thing. As of now it’s (+) 60 but there is a scope to take it up further. And we are happy with the size that we have achieved in a short span of time and aggregation is one of the key trigger in this business of plotting, etc., and horizontal development. And we are happy to inform that it’s on track and we have achieved what we wanted to achieve. On the Sarjapur project, that's also coming closer and closer to the launch and endeavor is to launch it within this half one itself. Most of the things are progressing very fine and smooth and hopefully that gets launched simultaneously. In this project it was a JD project, so further acquisition is not something that we are directly trying ourselves. We are open to the idea of expanding it, but through the JD partners because we are not investing in any significant way on the land on this. But having said that, this is not a plotting project in Sarjapur Road, it's a villa project. For a villa project to be spending (+) 16 acres is fairly decent in size and gives you something like a Rs. 62 crores odd of topline and we believe that it's pretty decent a size for a villa kind of development. So, there are no definitive plans of expanding these sites further beyond this at this point in time.

Kirthi Jain: First Devanahalli will be there, next Sarjapur will come, right?

Kamal Singal: First Devanahalli should be launched.

Kirthi Jain: You had highlighted in the last quarter that cash is not the best position to be in. We want to go up to 1:1 leverage and increase the BD activities. Any progress you would like to highlight because in our presentation, we couldn't see anything.

Kamal Singal: Of course, we have to leverage. That's what I said in the initial comments also that right now we are sitting at a negative this thing and we have to quickly deploy and there is a reasonable amount of debt out there. Now obviously raising that is with this kind of a headroom obviously is not a big challenge, but the challenge really will be to have these projects and reaching and taking these projects up to a stage where we have to pay. Now, we as a company would be a little more conservative in terms of parting our monies even if we had definite or preliminary term sheets signed for individual projects. So, we would like to be very sure before we release even a single penny to a third party and that's what has been happening. As we speak, a lot of efforts are going into the marketplace and there are things which are happening. But of course, they are not mature enough for us to release any significant money onto those projects. But having said that, minor investments like expansion of Devanahalli, etc., and the monies to be paid to Sarjapur, landowners are happening in any case, but then we are also generating cash on an ongoing basis. So, till the time we pay one large amount to one land parcel, it was one land parcel, maybe investment could be in the region of Rs. 150-200 crores odd or thereabouts. We really don't need to take leveraging. But the idea is to absorb this limit of the kind of debt that we need to raise very-very quickly. And this will happen as we start closing and paying for the lands which are under negotiations and discussions right now. But there is a healthy pipeline and fairly advanced user discussions on many of these land parcels. And hopefully we should be able to share some details in a very short amount of time from now.

Kirthi Jain: Just one last question from my side. Given the certainty of the launches in H1 both the projects, can we assume that Rs. 1000 crores booking for FY23 or will there be some challenges to meet that Rs. 1000 crores?

Kamal Singal: Normally as a practice we would continue to avoid giving any definitive numbers and predictions thereabouts. All we normally would tend to say is that there is a great, healthy pattern of growth that we have been able to achieve through the critical parameters and we have been growing anything between 20%-30% on the critical kind of variables there. Our endeavor is to continue that momentum and with these launches being planned and maybe a few more coming in, we should be able to maintain this kind of a growth rate over what we achieved last year.

Moderator: The next question is from the line of Ritwik from One-Up Financial Consultants. Please go ahead.

Ritwik: Firstly, you mentioned that we have increased prices to mitigate the rising cost. Would it be possible to share a ballpark figure on the blended portfolio across all the projects?

Kamal Singal: So, price increase, the first question first, of course we have passed on certain amount of increases in the marketplace. Fortunately for us, the way our construction stages are or work when prices started going up in a very steep way, we were at a very advanced stage and hence a lot of steel and cement kind of material consumption-oriented projects were at a fairly advanced stage. So, to that extent, the impact has been limited. But of course, this is holding true for the projects which are already under construction. It doesn't mean anything when it comes to new launches. So, if we were to restrict ourselves to the impact on the company on a current ongoing basis, there's not a significant impact there comparatively, it's not commensurate to what kind of price increase, just because of the stage we are in. So that's one saving grace. But irrespective of that, because the increase has been so much and the leftover construction it is not to be ignored and it's fairly the center level of expenditures that we have to still do, we have taken couple of price increases already in most of our projects in the last two to three months. They are broadly in a very broad sense, able to mitigate the partial impact that we are feeling on these projects because of the extent of completion, and the extent of whatever is left over to complete. But having said that, couple of rounds of increases have been able to at least significantly partially mitigate this price increase. But then price increase is a function of, one, how much it has happened already. Two, for how long this increased level of price will sustain. Three, how it will take, whether it will take upward or downward trajectory going forward, maybe up to three months, two months or four months' time from there onwards. So, we are just keeping an eye on this. We don't want to be increasing prices in a very indiscriminate way and find ourselves outpriced. At the same time, a very cautious and calculated kind of call is being taken on each of the projects individually assessing market conditions, competition, and of course cost, to make sure that whatever increase we pass on is not only fair, it is sustainable, and it also is in line with the kind of focus that we have in our mind in terms of how the cost could potentially be here.

Ritwik: My next question is on the launch pipeline for FY23. If I see the presentation, we have mentioned that the yet to be launched projects are approximately Rs. 2,400-2,500 crores across Ahmedabad, Bangalore and Pune. So, what would be our target for FY23? Will we be looking to launch at least these projects which are already there in the pipeline? And a follow up to this question is that are all these yet to be launched projects already signed for us and are awaiting approvals?

Kamal Singal: I'll just introduce you to our CFO, Mr. Ankit Jain who is sitting with me right now, besides Avinash who is the COO of the company. Ankit, if you could take this question, please?

Ankit Jain: With respect to your question on the yet to be launched projects, so partly it has been answered in the previous question where we have mentioned that Devanahalli and Sarjapur are the projects which we plan to launch during H1 of FY23. So, partially that is answered.

Ritwik: Bangalore, both the projects are the Rs. 1000 crores total sales value potential is these two projects?

Ankit Jain: Yes. So, while we are not giving individual project wise, but we had given an earlier estimate when we had done the acquisition of the project. So, Devanahalli is approximately Rs. 400 crores odd and Sarjapur is approximately Rs. 600 crores odd. So, this is a Rs. 1000 crores potential which is ready for launch for during H1 FY23. Besides that, we are exploring of opening of Forreste Phase 5 as we speak. So, this might also get launched during H1.

Ritwik: For Forreste project?

Kamal Singal: Forreste project is you are asking about the status; this is the next phase which is already under approvals. We are hopeful that in next couple of months of or two should be in place. And the endeavor is to launch even that, phase 4 of Forreste in half one or very-very early half two. So that's the idea there as well. Bhukum is at a little early stage. We are doing a diligence still. There are things that we are kind of doing and working on from regulatory point of view, from titles point of view. Fairly in an advanced stage. Once that is done, obviously then we get down to the actual planning. So, it's a little longish for Bhukum. If at all the best-case scenario could be that we launch it in the last quarter four of this year, or maybe then if that happen in early next year, but that's how it is from project to project. This covers pretty much everything.

Ritwik: Sorry, the last project which one did you mention, I missed the name?

Kamal Singal: This is a project or the land where we have signed an agreement in Pune. It is a location called Bhugaon.

Ritwik:: Last quarter which we had mentioned.

Kamal Singal: Correct.

Ankit Jain: So, as of now it is a binding agreement that certain conditions which are…

Kamal Singal: Which are under kind of achievement and execution at this point.

Ritwik: So, best case we would be launching all these projects in FY23.

Kamal Singal: We definitely are targeting to launch three projects this year, H1-H2 put together. That's how the sheet is being shown here and that's the target, yes.

Ritwik: My last question is on the business development pipeline. We have had an excellent year and even when we didn't have any new sales, new launches in Q4 FY22, we did Rs. 150 crores of sales value which is very healthy. So, with collections going strong and with the new launches planned for FY23, what is the kind of business development that you think that we can look to acquire in FY23 for future launches? Just wanted to pick your thoughts on that.

Kamal Singal: I think this got answered in the previous question where we said, we've got a very significant headroom when it comes to investing further, it's a zero-debt situation. We have got a Rs. 120 crores of surplus lying in the books of account plus even if it was to be 0.7:0.8 or debt equity, then Rs. 300 to 400 crores can be raised plus we are working on some other capital structure as well. So, all we can at this point tell is that there's a very significant room and building blocks when it comes to mobilizing more investments is all in place and we should be rolling out all these plans in acquiring newer projects in the coming months and specifics possibly could be shared the moment individual deals are done etc. but there's a very healthy pipeline. The team is busy, and we are aggressively sourcing, of course we are conservative when it comes to evaluating risk mitigation etc. But, having said that at this point we are all guns placing in the market to make sure that we deploy this headroom at the earliest possible time.

Moderator: The next question is from the line of Chaitanya Shah from Silverline Capital, please go ahead.

Chaitanya Shah: My question is regarding two projects, Aavishkar and Oasis, I think they got moved into the completed portion this quarter, right? I think you've started recognizing revenue for both of them.

Kamal Singal: Yes.

Chaitanya Shah: Just wanted to understand now the booking value and the recognized revenue, there is a significant difference for Aavishkar, you booked Rs. 92 crores and the recognize as 28 and for Oasis I can see only half of the booking value recognized. Just wanted to understand how the accounting over here works and my continuing with that the unrecognized portion of the revenue is given as Rs. 1005 crores. So, if you can just give the basis of calculation for that?

Kamal Singal: See, the revenue recognition criteria is based on performance obligation which is dependent on two conditions. One is completion of the project or receipt of the VO or OC what we call. The second criteria is receipt of the seller money with respect to the booking value. So, this is the satisfaction of the criteria that revenues have been recognized. The balance revenues will get recognized as and when we collect the balance amount from the customers.

Chaitanya Shah: Even in the collections of Rs. 57 crores for Aavishkar and Oasis is Rs. 164 crores so the numbers are even lesser than that.

Kamal Singal: You should look at the unique level we cannot look at an overall aggregate level while certain portion, while for example, maybe upfront 10% someone would have paid 50%. Those units do not satisfy the criteria for revenue recognition, beyond a certain threshold only the revenue recognition criteria is met and hence they recognize at a unit level, not at overall project level.

Kamal Singal: There will always be a gap between when we received money in absolute sense. When such a value is recognized in the books of account, because each individual sales in terms of one unit is either qualifying or not qualifying for recognition at fair point in time and hence you could pick up only those specific units to recognize sales in where the threshold of receipts have been crossed. There might be a situation in a project where Rs. 100 crores have come, but no unit qualifies to be recognized in the books of accounts. This is a very typical and very established way of determining what can be recognized and what cannot be recognized. The only takeaway that we could be having here is that the difference between what we sold and what we recognized is a great thing to have. The bigger that amount means, we have a lot of sale which is actually been affected in the marketplace pending these thresholds to be met. They are now bound to come indicatively in the books of account and that number as we speak for the company as a whole stand at around Rs. 1000 crores, that means Rs. 1000 crores sales is such where some money has come, but we have not recognized such sales into the books of account due to these thresholds not having met. This is a situation happening in these two projects as well and any difference there of between the sales value and the recognized value or even the collection value and recognized value only represents the difference of threshold being achieved on individual basis called the unit specifics.

Chaitanya Shah: My second question is regarding the two projects in Bangalore and project in Pune, how much capital are we estimating will we have to put in these projects, and will it require you raising debt if you could give me some clarity on that?

Kamal Singal: A broad ballpark Bhukum if you are talking about Pune is around Rs. 100 crores of planned investment. When we talk about Bangalore, Sarjapur is a JD project the outflow is not going to be more than Rs. 15 crores because it is a JD project. We only have to pay the deposit part of it, which is in the thereabouts of Rs. 15 crores.

Chaitanya Shah: When you give the Rs. 1500 crores number in the estimated operating cash flow, you're assuming the majority of the cashflows will be financed as sales?

Kamal Singal: By sorry?

Chaitanya Shah: By the customer sales.

Kamal Singal: With respect to project which is under JD it is linked with collection and linked to sales only. Hence naturally that will be paid from the sales receipt. With respect to Bhukum it is an outright purchase, which will come out from our surplus or from the debt, which we raise.

Moderator: The next question is from the line of Aditya Sen from RoboCapital.in, please go ahead.

Aditya Sen: As per accounting any broad guidance that we can have on revenue and PAT of FY23 and FY24?

Kamal Singal: As a practice, we don't give guidance, but investment presentation per se is quite exhaustive. It's a format which we started using since the last couple of quarters and I think there'll be a fair amount of data points there to kind of understand the company in a more holistic and better way. We'll encourage you to go through the presentation and if you have any specific questions to ask from the presentation to the extent of publicly disclosed information that we would have done otherwise, we'll be very happy to share and discuss with you.

Moderator: The next question is from the line of Chaitanya Shah from Silverline Capital, please go ahead.

Chaitanya Shah: Thanks for giving me the opportunity again. My second question is on the commercial project in Bangalore. Could you just give me an overview of what this project is and are we looking at the status sales or are we going to give the space out?

Kamal Singal: Your last sentence was not too clear if you can repeat that please?

Chaitanya Shah: The commercial project in Bangalore, you give me an overview of the project and are we looking to sell the project or are we going to lease it out? What is the plan there?

Kamal Singal: We are not kind of developing this for a yield income, everything has to be sold. We are constructing to sell, and the sales is happening right now, and project is under execution at a fairly fast pace at this point, so idea is to sell everything.

Moderator: The next question is from line of Naysar Parikh from Native Capital, please go ahead.

Naysar Parikh: My question is on margins. When you are talking about Rs. 1500 crores operating cash flow given the kind of raw material price increases we are seeing what is your sense of margins for these kinds of future cash flows and to maintain margin in current levels what kind of price increase is do you think you need to take in some of your planned projects to kind of justify maintaining the current level of margins?

Kamal Singal: It's a good question. I think this is one of those questions which must be getting asked in every real estate forum and every call that developers would have, because obviously the cost of this has been steep and no denying the fact that unless this gets passed on, they can be pressure on the margins. But, fortunately here for us on the current portfolio which is under execution most of the things are either already completed and we are selling the inventory, or the construction is at a fairly advanced stage and hence the impact overall on the project costs etc. is not too significant and significant portion of such impact, the leftover impact possibly can be passed on and we've already started doing it. So, we don't see any major problem on the current portfolio, but what is important for all of us is to look beyond what we are doing right now and obviously there even the cost scenario, or the cost predictions are not stabilized yet. I think one thing we could possibly say with a reasonable amount of confidence is that possibly we will see in the peak already and the cost has seen the highs that it had to see and from here onwards on segregated level, we should start seeing improvements in terms of some of the basic materials coming back to some sort of levels which are more sustainable, but of course it has to play out. As we said, affordability in the marketplaces at its finest, the income levels have increased, and the salary increases and macro earning reports have been encouraging and hence consumers are still in a position to buy. So, to say, we don't see any significant lent or depreciation happening when it comes to overall viability and affordability of housing per se. So, medium term, we don't see any major impact coming unless we haven't seen enough of the cost increase that happened in the last three to six months' time. We definitely see a significant potential to increase prices within a band and that band should be decent enough to broadly kind of cover up. All in all, it's a situation which is unfolding, but at the same time, we see scope of improving and increasing pricing in bands that are acceptable and affordable in the marketplace. That should be broadly okay in terms of probing the extra cost. But having said that, some minor impact possibly could come, and new launches will need to be calibrated in terms of pricing etc. keeping the most sustained level of cost increase which will crystallize in next or maybe couple of months, three, four months' time from now.

Naysar Parikh: The second question is just in terms of duration or the timeline, especially for the ongoing projects, which you are launching, what is the timeline that we should assume for this Rs. 1500 crores cash flow that you have and on any of the projects that are ongoing, is there any significant delay that you would like to highlight?

Kamal Singal: We have already given an estimated completion timeline for each of the projects, if you could refer to the investor presentation and with respect to this Rs. 1500 crores operating cash flow, this is operating cash flow, which is yet to come or unfold over the next three to four years, as and when by the time we complete these projects, and we realize the entire cash.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi Financial Services Ltd., please go ahead.

Prem Khurana: Most of my questions have already been answered. Just a couple of clarifications basically first is to continue with the question as the previous participant, in terms of inflationary pressures that we've seen. How would this make us change our sales strategy and what I want to understand, what this make you to go little slow, try and phase out your sales little more so that you are able to kind of take price hike and cover for the inflationary pressure. You would want to sell less and when you're able to sell, and you're not bothered that the inflationary pressure would stay there. You could share your thoughts and then I'll take it the second question later.

Kamal Singal: There is no question of having any sort of deceleration of sales as an effort. We'll sell what we sell, and we'll put all our efforts in the direction that we maximize sales at any given point in time and cost pressure is right. Everything is fine, but when it comes to sales, we are all there and we are putting all efforts to do all the time so that's not a problem. All we need to do is that we need to be careful while launching new projects, because they will have the maximum impact of any sustainable cost increase that we'll see as it unfolds. And we need to calibrate our pricing vis-a-vis such cost increases and at the same time sustainability in the marketplace in terms of salability etc. end of the day consumer is important, end of the day their affordability is more important than what the margins are. But having said that, we think that there are reasonable reasons to believe that there is reasonable amount of headroom to increase the cost, increase the prices to start with. There is also a possibility of costs getting stabilized in the next couple of months or three months' time from now onwards, lot of macros should be falling in place. Lot of uncertainties should go away. Lot of turbulences which we see across the globe and lot of it is related to what is happening outside our country. I mean, those things should also settle a little better. I mean they're not linking our sales effort to the inflation and these temporary things happening, either way it goes. I think the sales engine has to perform and continue to perform with full rigor and whither at all times. That's what we are doing and focusing on.

Prem Khurana: To understand your price hike strategy will be better and then let's say if you have two projects one which is already launched and you've been selling it for a while now, and you have some lead pipe line where people have visited the site, they have negotiated to an extent and there's a new launch and if you want to take a price hike, is it easier to take the price hike instead of that new launch, because there is no benchmark in place and you're starting afresh, so you could sell it and there's a different amenity, the configuration is different and you can set a price which is kind of is able to justify the kind of effort that you put in and you're able to have margins versus something which has already launched and you've been selling it for a while now and there you're taking a price hike wherein there is a benchmark number already in the market, people know that you are selling at this price some time back how easy or difficult is it to be able to price hike with older project versus this new launch?

Kamal Singal: This is very specific. Each project will behave very differently and it's a summing of many, many factors. In fact, to the contrary, there are situations whereas the project progresses the scope of increasing prices are significantly higher, and we've got several examples out there. Three of our largest projects the Highgrove, Forest and Uplands, they've all shown that when we show project in a more mature and advanced way and stage, the increase in price is disproportionate and hence in the context of such projects where customers could come see and see the quality quantity etc. when you could actually see there to take price increase. That's what our experience has been. In fact, even prior to the cost increases we could take very significant increases just because the projects look very different. I think it evens out and potential to raised prices in an existing project is as great if not more as compared to a newly launched project. We rather believe in the other thing that you do job in a way that customers are excited when they see stuff and they should be willing more or to pay more when they see what is happening in a project and that's what is our track record and we've been doing this day in and day out will rather have a progressive pricing mechanism where at each stage we can command better price and that's how everybody feels happy and feels more satisfied and that you invested and you trusted a brand and the brand performed and it delivered and it showed very, very brisk and great progress and that's why more people want to buy and you kind of create that promo kind of environment that look, this way I invested and I also should be investing because this is the kind of progress and the project to be…. So we believe that it's actually the other way round and newer products should have more potential to increase prices.

Prem Khurana: Just one last if I may, you help us with the launch pipeline for FY23, because if I heard you correctly in your opening remarks you said Q4 is somewhat lower than your Q4 FY21 in terms of bookings because you couldn't or rather last year you had a couple of launches wherein you saw seriously could demand which is all you could have larger number last year versus this year wherein the sales were slightly slow because you did not have launches. If you could help us with the launch pipeline for FY23, then how do we ensure that when you don't get to have these kinds of situations where you don't have a new project in any single quarter? Are you planning to launch, any project during the quarter and we couldn't have approvals in place in time, which is why you missed launch, or we did not have any launches planned for Q4 because we had some inventory available, and we want to liquidate inventory?

Kamal Singal: I think having same pattern always needs a little bit of a dissection into what is steady state sale, what is the new project launch stage is. It is like in retail you ask the question, what is the growth of sales on the same store basis and how many stores you opened and that's contributing to what extent of additional sales, if you merge these two, this will be little bit of a blinding so to say in terms of really understanding the data. So, when it comes to steady state sales or the sustain sales that as we call it in real estate, that has been pretty healthy, and we've grown significantly, Rs. 150 crores is pretty much the sustain sales out of the projects which were already launched. Of course, the launch timelines being anything between six months to 12 months for new projects to be launched and the kind of project that we are doing large ones, horizontal projects etc. The timeline to launch from acquisition is anything between 6 to 12 months. So, it will normally not be possible to launch very consistently every quarter in and quarter out. Hence, there'll be orientation in the numbers that we will show. These are just about explanations to why a decline is visible and what are the easiest explanations to those. But, having said that these fluctuations obviously will come down as the base size of the company kind of increases. A company which has 10 projects in total and adding two or three or four every year, will have more of these peaks and troughs as compared to a company which has 50 projects, and they add 15 every year. So, to that extent, depending on the life cycle of the company, this will vary, but in the context of overall understanding of the trajectory of the company, whether or not and to what extent it's progressing the sales engine is working etc. I think having this kind of a bifurcation will give enough in more tools and wisdom to the reader of the data to decipher what's happening in the company.

Moderator: Thank you very much. As there are no further questions, I now hand the conference over to Mr. Kamal Singhal, MD and CEO for closing comments.

Kamal Singal: Great. Thanks a lot, and I once again, thank everybody who participated in this call. Thanks again for sparing time. It's been a great run for all of us in the last more than eight quarters. You've shown that the economy is bounced back, and the company is prepared and equipped to not only exploit the situation which we have seen in the last few quarters, but also take advantage of the sustained environment that we see which is all positive. We need to be mindful of couple of variables which are there, commodity pricing to start with interest rates to again be kept in mind etc. but I think there's enough momentum, there's enough reasons to believe that this momentum is going to be continuing and we are pretty much equipped to handle it. We have a very-very strong and robust investment cycle in place, initiative in place. Hopefully, we should be able to add to our existing pipeline of inventory in a very significant, significant way in very short amount of time and that has been our endeavor. Thank you very much once again, for participating in this call and I wish you all the best for your endeavors. Thank you.

Moderator: Thank you very much. On behalf of Arvind SmartSpaces Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.