



“Prestige Estates Projects Limited
Q4 FY '23 Results Conference Call”
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MODERATOR: **MR. SAMAR SARDA – AXIS CAPITAL LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to Prestige Estates Projects Limited Q4 FY '23 Earnings Conference Call hosted by Axis Capital. 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 star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Samar Sarda from Axis Capital Limited. Thank you, and over to you.

Samar Sarda:

Thanks, Anju, and good afternoon, everybody. Thank you for taking the time out. We have the senior management of Prestige Estate with us, led by Mr. Irfan Razack, the Chairman and Managing Director; Mr. Venkat Narayana, the Chief Executive Officer; and Mr. Amit Mor, the Chief Financial Officer. Handing it over to them for the initial comments. Mr. Razack, over to you.

Irfan Razack:

Thank you. I think I will ask Venkat to give the opening remarks. Yes, there's a lot has happened during the quarter and I think it's a financial year-end also. So the numbers are all there for everyone to see. And whatever we set out to do during the financial year, it gives me satisfaction to say we've over-exceeded our target. And hopefully, we'll keep doing that. We'll keep exceeding everybody's expectations. And that's our job because the whole team is on the ball, and they definitely want to keep performing, and that is what is keeping us going.

With this, of course, all of you will be quite curious to know about yesterday's news, the acquisition of the 50% stake in DB Realty in both the office assets, but that's also, I believe, is a strategic move, which will help us to do our job easily. And also, it's I think it's a win-win for both parties I think more about it Venkat will tell you. And I will just ask Venkat to give us the opening remarks.

Venkat Narayana:

Thank you, sir. Thank you, everyone, for taking out time to be on this call. And very happy to take you through the operational and financial performance of the company for the FY '23. It's been once again, a remarkable year for us, we did cross a milestone number of INR10,000 crores last year as you are aware. And some of you did ask questions saying that, okay, now that you reach that magical number, how will you sustain and how we grow on that number and what will be the strategy?

And we did give out a strategy last year itself saying that, the new geography will contribute to the growth. And rightly so, Mumbai registered little over INR2,700 crores of sales that helped. Between Bangalore, Mumbai and Hyderabad majority of the case for this year outcome. Also important thing that I wanted to take a note of is 60% of our sales have come from Bangalore and 40% all other branch offices have contributed.

I think going forward, there will be further increased contribution from regions of Mumbai with the new launches that are coming up. There are 2 new launches that are 3 in fact next phase age of Prestige City Mulund, Prestige Ocean Towers at Marine Lines and Prestige Nautilus at Worli, 3 new projects lined up. So Mumbai should give better numbers this year. Hyderabad, we have

again Prestige City as we told earlier in the call, Prestige City as a brand is something which we're going to launch in all the cities that we are operational one after the other. This will be anchor development for that particular city, and these are large in size and midfield developments.

Prestige City at Hyderabad will get launched soon. Therefore, contribution from Hyderabad, Mumbai and Chennai will have, this year we didn't have sizable launch in the last couple of years. We'll have a large projects getting launched. Prestige Pallava Gardens, which is over 2.5 million square foot, even chennai will start contributing this year. Overall, in spite of talking 25% growth number and closing the year close to INR13,000 crores of retail next year is even more exciting to the kind of launch pipeline that we have.

And the other important aspect is collection. Some of you earlier used to ask questions, when you look at the sales and you've seen some of the developers, you compare and ask even the bulk bookings, etcetera and all that. So to put everything to that you'll see the collection there, almost commensurate with the sales that we are doing. So at least our collection printed from, they're collecting all outstanding. They are not much.

And they are INR10,000 crores, INR9,185 crores, INR10,000 crores of collections from residential projects, up by 31% year-on-year. This quarter, we have seen higher ever collection made in any quarter. Derivation so have gone up. And among the other things, we had I think after the end of financial year we had a new boutique resort that has opened up, this is Mulberry Shades at Nandi Hills, both are together with Marriott.

You all know that JW Marriott, our Golfshire has become landmark project. It's address maker and most of now even that are happening in Bangalore are, outside people coming and having with a destination wedding and destination event. I'm very happy with the kind of response that the hotel has received. And in addition to the hotel property, we launched Forum mall at Prestige Falcon City, which met with great success.

And in fact, weekends we're seeing a phenomenal amount of crowd, people visiting while in spite of cinemas not yet being operational. We also had top launch, and we have handed over the property Forum at Kochi, which is, again, a large mall. So these 2 will be operational. And last year, we also opened Forum Rex, which is a boutique, high end mall. Which had cinemas, which are exclusive in the form of director's cut.

So malls are back, quarters are doing well. Office space leasing has been good. We're happy to tell you that whatever the buildings that we have been constructing at Pune. It's been completely leased out, close to 1 million square foot at Kharadi. And various other buildings in Bangalore. The leasing is ongoing, and it's been good. So we have in Hyderabad, projects getting completed. And a few others in Bangalore, we are very confident that we'll be preferred, obviously, as supplier but most of the MNC companies given a relationship, given the quality of the building and given the specification. And the residential is what we have spoken about.

And most important, as chairman mentioned in opening remarks, is the strategic acquisition that we have done. And before we, I get into the financial performance of the company, maybe I'll spend a couple of minutes explaining to you what is even, what have we done.

Initially, when we got into the transaction, a project at BKC and projects at Worli, both commercial products. There was issues on ground. There were other shareholders in the SPV, so let me talk about BKC, there was a ILFS as a shareholder, there was Treaty German fund as a shareholder. And this was in a way a NCLT. There was tenants on the ground who need to be vacated. Of course, there was no planning, there is no approval.

Now from then to now, it's a completely cleaned up site, most of you must be visiting these areas, signages are done, work has started, visits are approved and approvals have come, the other shareholders have been acquitted completely cleaned up and work started approvals are in place. Now we thought to give a boost to our annuity portfolio since our JV partner wanted to be like in debt, and he had other challenges to address and deal with in terms of the obligations, etcetera, and an opportunity came by to acquire the stake and become 100% owner in both their series, we thought it is given the fact that the project work has started and it's only construction that we need to do and which we have been executing and delivering.

You all know last 5.5 years, we have delivered 90 million square foot, that's our forte, given the themes that we have. Therefore, it's a strategic acquisition, it'll help and grow annuity portfolio faster and these are marquee assets. We did a valuation and acquired the stake in both the SPVs by paying out INR980 odd crores here and INR198 crores in Turf Estates LLP.

And the with kind of buildings that we're making there, and we definitely see that the rentals will be definitely higher than what we have presumed for valuation currently. And also the cap rate compression will happen. Right now, we look at 9.5% of cap rate on the time of valuation. So I think by the time building is ready, the cap rate can be 8%, maybe less than that but it still will give substantial valuation upside.

We looked at rentals around 275, 300 levels. We firmly believe that rentals could be between 325 to 350. So rental upside cap rate compression both together, both the projects put together, will have the valuation upside of almost INR3,500 odd crores. But therefore, we find it good acquisition and we went ahead and completed the transaction. I'm sure you will also appreciate the reasons behind the transaction. Of course, in the Q&A, if you have any issue, any further information that you want, we will definitely discuss.

Moving ahead, we had a remarkable amount of launches this year. I don't think the developers that have launched in a year 27 million square foot. So that's what we have launched last year. 70 million square foot comes from our residential and 10 million square foot comes from capex is up 57% compared to last year. Even completions were very good. We completed 16 million square foot of area last year, a majority of being residential.

And on average, including holiday, Sundays, weekends and all that. We had a good run last year, sold close to 26 units a day, aggregating to 9,644 units overall. The segment that has sold well

and contributed significantly is a segment of INR80 lakhs to INR1.5 crores bracket, that value, affordable/mid-income segment.

And moving on to the financial performance of the company. We had, yes, we had overall revenue of INR8,772 crores, up 33% compared to last year and EBITDA of INR2,543 crores and PAT at INR2,000 crores at 11%, this is for the year. And for the quarter, we had a higher PAT on an exceptional item being coming from the accounting.

So we also have given out segment results as you can see and what is the economy equity and written on capital employ that we are making between office, retail, hospitality, services and the residential. Retail just because mall -- one of our large malls got completed just closer to the end of fiscal, and it has not run a full year. So you see the returns being lower. We'll analyse them probably in quarter end and residential are high. Office contributed ROE of close to 50%, retail at 40%, hospitality at 10%, services, of course, there's no investment so higher, residential at 35%.

And overall, the capital employed has been earning well for us. With this brief, we would like to open the forum for question and answers.

Moderator:

The first question comes from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal:

Congratulations Irfan ji and Venkat for this deal. My first question is on the total payout is INR1,176 crores for both the deal. So can you break it up like because we have already given some advantages on behalf like of the partner in terms of getting approvals and all. So what will be the actual cash outflow out of this INR1,176 crores?

Venkat Narayana:

All that has been taken into consideration, our net payout is what we have indicated.

Parikshit Kandpal:

So INR1,176 crores is the cash payout. And what would be the overall commitments you would have done like in terms of earlier on behalf of partner?

Venkat Narayana:

So there are 2 ways of listening in, if you consider them as 50% partners. Now we'll have to have spent in addition to the payers that they have -- we have made to them. 50% of the construction cost on premium.

Parikshit Kandpal:

So the understanding was that construction costs would be incurred by us anyways, and only the approval costs and clearing up costs...

Venkat Narayana:

Now let me take you through that mechanism. So let's look at BKC. So construction costs and the money that we have spent to buy out the earlier shareholder both put together. Earlier 50% had come to us at INR2,250 crores kind of valuation earlier. Entire construction cost of INR2,000 crores being borne by us and the money that we have invested to buy us. So that was earlier 50%.

Now if you look at the entire premium money will be borne by us. And also, there is a cash out that we need to give. All put together, and earlier premium also clarified also together, this obligation, including the cash payout is going to be at around INR2,200 crores.

- Parikshit Kandpal:** Basically, monthly and all time effectively at INR2,200 crores of 50% stake indication.
- Venkat Narayana:** Yes. I said there's no much difference between earlier and now.
- Parikshit Kandpal:** Okay. And what about the Mahalaxmi one because as I look at the valuation, so we can see only comes at INR1,956 crores and the Mahalaxmi at INR400 crores. I just look at 50% buyout. That was the reason I was telling to like what's the potential.
- Venkat Narayana:** It's higher because it's a taller building. And rental, we have factored in at least INR25 difference in terms of both -- almost areas are same, taller building construction cost is a little higher and the rentals we have taken INR25 lesser. So therefore, the valuations are different.
- There, again, I mean, if you look at the numbers, we have paid INR198 crores and the premium of INR1,400 crores and the LUC of INR200 crores. And we have cost for INR150 crores. This is what we'll assume especially that will come to around in INR1,800 to INR2,000 crores that number.
- Parikshit Kandpal:** Okay. So similar kind of a number there also. So almost INR2,200 year and...
- Venkat Narayana:** We have paid by 50% was also entire construction cost was up and half of the head up. That makes it around INR2,350 crores to INR2,400 crores. So what we had got earlier versus now are almost same, primarily because, as you mentioned, whatever the outflow was there with respect to earlier premium payment also as you are aware, we only have paid. And therefore, not much change in the numbers then and now.
- Parikshit Kandpal:** My second question is now on these 2 assets, you have most significant 100% kind of stake. So any plans of like monetization of this thing going ahead because these 2 are very significant assets and give rent upwards of INR100 crores annually. Any thoughts there? How do you, I understand that you were earlier looking at financing 50-50 that equity. So how do you, with this change happening and now being a Prestige project. So how the outlook will change towards the financial closure of these assets, execution of this asset, leasing and even monetization. Any thoughts there?
- Venkat Narayana:** I mean this prior to doing the Blackstone transaction, we did look at monetizing those assets by going to the REIT combining retail as well as office, probably would have done first hybrid reach in the country. Right now, when we're acquiring, we're not thinking of divesting, first and foremost step is to increase the pace of construction and ensure that buildings come up faster and are visible. And for which we'll see there is always that premiums for completed building and higher premium for new building. So we'll play accordingly. Right now, there's, I think, the strategic dilution talks that are happening.
- Parikshit Kandpal:** Both these projects are financially closed now? I mean the loan has been tied up and the work has started at both this point.
- Venkat Narayana:** For anyone to see financial closures are done. So therefore, that's what I said, the next 36 months, we would want to, you know walk within complete BKC and maybe 40, 42 months tops.

Parikshit Kandpal: And just the last question on residential business in Bangalore, we have seen a decline in Y-o-Y for the full year FY '22 to '23, while other markets have contributed to the growth as the Mumbai. But how do you see Bengaluru market now in FY '24?

Irfan Razack: It's not a decline because there was no demand, it's a decline because we didn't have inventory, because goods delayed. And there's a lot of inventory that's going and coming from the Bangalore market. Recently, we did a launch call Prestige Lavender Fields, that's again in Whitefield, 1,400 units, I think about 4 million square feet, funding 3 million or 4 million aspect and profiting 3 million. But the entire thing is sold.

So that's the type of demand we have. Unfortunately, we didn't have inventory. In fact, in Mangalore, even ready inventory because there are only 2 geographies where we have ready inventory is Bangalore and Hyderabad. And Hyderabad is also like new. Bangalore is also as good as new. And the thing is we are working really, really hard pressurizing to see that we get the approval filed for RERA, get the RERA number and launch. I think what Venkat said is, we did a lot of launches. But then in other cities like Mumbai and Hyderabad.

Bangalore was soft on launches. Hopefully, this year, this quarter, we did Prestige Lavender Fields in the next 2 to 3 quarters, we'll be getting a host of other launches because there's a huge visibility of getting these approvals soon. It's all a function of the inventory that's available. In fact, I would say, if we had really launched what we were planning to, we would have cross in this fiscal itself, that is the last '23 cross 15, but unfortunately, we couldn't do that, and that differential would have come from backlog.

Parikshit Kandpal: That's the target this year? Like in FY '23, you're looking to what the thesis guidance?

Irfan Razack: No, I believe we can easily safely look at a 25%.

Moderator: Next question comes from the line of Pritesh Sheth from Motilal Oswal Financial Services Limited.

Pritesh Sheth: Congrats on the great year. Firstly, just a few clarifications on this DB again, foundation again. So one is, does it change our capex outlay from here on? I mean, which is INR15,000 crores. So as you said, we were earlier 50% partner with capex, that 50%, should I presume that we are paying it upfront with buying out this stake?

Venkat Narayana: No, not really. So in fact, the clarification that was said earlier also. As for the JV understanding, the construction costs were to be borne by us. All the premium LUC and portion of free half-related costs to be borne by the partner. Now construction cost, whatever we were -- anyway earlier was to incur is over a period of time, linked to progress.

Even the payments we have on LUC are also staggered for a period of time. In fact, the transaction is -- come at a time, which is for the builder annuity portfolio. Even from a partner point of view, if that stake invested, they are to bring a lot of money for the premium and we had for construction and like LUC payment and all of that. As against, bringing in money, they are actually taking out lots of INR1,200 crores. It will help their cash flow.

When you are structuring the deal because this land were held by them for quite some time, they're a little attach to the land. So we did mention saying that given the situation it is usually beneficial, once the projects are ready and if we have money at some point in time. Fine, we can buy the area, they're looking at selling, we are evaluating selling to somebody else, and we have been a partner before at that point in time prevailing, you can buy the area, that's how we structured the deal. I think we've got a great potential and value upside and it's a win-win proposition..

Pritesh Sheth: No doubt about it. But just trying to assess what would be the additional pay-outs apart from this INR1,176 crores from our side?

Irfan Razack: Any other payments except for the premiums which they have to pay. Now the other thing is now Venkat said, emotional this and that, but ultimately I think knowing them and knowing their mind, they will take this money and come back to us and give us the space, that we've already just sort of..

Pritesh Sheth: Sorry, I think line is not clear. Your voice is cracking.

Venkat Narayana: No, I was mentioning when we're structuring the deal. It is, of course, win-win because we want to consolidate and they have a requirement for money to fulfil the data obligation, so it helps. But during the transaction discussion came out, they somehow want to have some areas.

So in the conversations we did mention saying once the project is complete, we have the cash flows at that point in time, what is the prevailing market price, you are free to buy the area. So I mean, if you're looking at divesting to anybody else, why not you, that's how we have mentioned, that's what came rate.

Pritesh Sheth: And how much would be the additional premium payment now that would be required?

Venkat Narayana: I just gave out the numbers, right, INR1,200 crores. And yes, overall, including what we have already paid. Overall premiums are INR1,500 crores and rehab and LUC charges are another INR350 crores. So the total in addition to what we have paid is going to be close to INR1,800 to INR1,900 crores.

Pritesh Sheth: And Plus INR1,176 crores additional that we have to buy..

Venkat Narayana: Of that we have already incurred close to INR1,000 crores because we avail that 50% scheme and paid the premium.

Pritesh Sheth: Okay. So balance there is INR800 crores and then INR1,176 crores additional for buying out the state.

Venkat Narayana: Absolutely. Absolutely. Whatever you said, that's correct.

Pritesh Sheth: Okay. Perfect. And just last on, I'm just trying to reconcile the net debt increase for the quarter, which increased by INR1,400 crores quarter-on-quarter. While the cash flow that you have given indicate that the net deficit was around INR400 crores since we generated OCF of INR1,500

crores and spend INR1,900 for investment. Some of it is obviously with regards to the interest outflow. But can you help me reconcile the balance part of it?

Amit Mor: You want me to run you through the...

Venkat Narayana: See, increase the net debt, primarily, there's a lot of payout towards the transaction.

Pritesh Sheth: So we have already paid it and that's reflected in net debt, is it?

Venkat Narayana: So earlier premiums are also funded by us, and some of these considerations have already been paid, most of actually, this money that we are talking about has been paid. I'm just getting for cash flow. So if you look at over our 12 months cash flow, INR11,000 crores of inflow on that construction costs, we have spent INR4,252 crores and landowner payments, sales, marketing, that mean everything put together INR2,700 crores. That's totalling to INR7,000 crores, and we have cash flow of INR4,000 crores.

Venkat Narayana: Yes, that's INR4,000. Now what is the exact query?

Pritesh Sheth: I was just talking about the quarter. So I mean, for the quarter, I can see INR1,500 crores of operating cash flow, INR1,900 crores of spend, so INR400 crores of deficit but net debt has increased by INR1,200 crores, INR1,400 crores quarter-on-quarter. So I was just trying to reconcile whether it's because of any and there would be obviously payments outside of what we have given in cash flows. So what are those?

Amit Mor: Pritesh, we have made some partner pay-out, the minority interest in certain SPVs. We have made payments to them. That was around in the team of around INR300 crores. Apart from that, the cash balance also is reduced. So what we have given in cash flow is really the operational and investment activities. The financing portion, we have not given in that the payments to partners and all that is captured. That has resulted in an increase in net debt.

Venkat Narayana: Next time we will add that also and give it to you. It will be holistic.

Pritesh Sheth: Sure. And if you can also add interest outflows to the cash flow, so that would be very easy for us too.

Venkat Narayana: Under financing activities, the amount we bring in that head automatically you will get it. That our developmental business is cash flow positive. That was objective, now we'll also anyway give you comprehensive.

Pritesh Sheth: Sure. Thank you

Moderator: Next question comes from the line of Murtuza Arsiwalla from Kotak Securities.

Murtuza Arsiwalla: Sorry, I just want to delve a little more into the acquisition itself. So on a gross basis, the 5 million-odd square feet would have INR2,000 crores of rentals. You said the premium was about INR1,500 crores, rehab cost is about INR350 crores. Can you give us specifically the construction cost for this? And out of all of the cost, how much have already been spent? And is there any debt on these 2 entities just yet?

- Venkat Narayana:** Construction costs on both the projects put together is around INR4,200 crores.
- Murtuza Arsiwalla:** Which takes a total cost of about roughly about INR6,000-odd crores, premium, rehab plus construction.
- Venkat Narayana:** Correct. And then you are adding up everything, then you should add up the rehab construction that we have to do, which is at INR350 crores. And premiums I mentioned to you, saying that around overall you have to pay and balance to be paid, all together will be in the range of INR1,018 odd crores. And there is LUC charges of INR300-odd crores. And we also considered some interest some more in the digit.
- Murtuza Arsiwalla:** And how much has been spent. So I'm getting an aggregation of roughly about INR7,000 crores. How much against the INR7,000 crores is already spent?
- Venkat Narayana:** With lower INR500 crores towards construction costs.
- Murtuza Arsiwalla:** And is there any debt?
- Venkat Narayana:** No. External rate, right, not intercompany rate.
- Moderator:** The next question comes from the line of Biplab Debbarma from Antique Stockbroking Limited.
- Biplab Debbarma:** Congratulations for the excellent FY '23. My first question is pertaining to this transactions only. Till date sir, how much cash flow has gone out in all form, advance that we get loans or something for this BKC project and top estate project?
- Venkat Narayana:** What has been gone out? Sorry.
- Biplab Debbarma:** Or how much cash flow has gone out from Prestige for these 2 projects, including...
- Venkat Narayana:** Which project so far?
- Biplab Debbarma:** Cash flow that has gone out from testing for these 2 projects. Total cash flow for whatever maybe they use in all forms, how much cash flow has gone out for these 2 projects?
- Amit Mor:** INR3,025 crores, including the payment that we made just now.
- Venkat Narayana:** INR200 crores, including the payment.
- Amit Mor:** Including the payment of yesterday's transaction, INR3,025 crores. Around INR3,000 crores.
- Biplab Debbarma:** My second question is on that second project in BKC, Prestige 101 (Y). That is not part of the transaction. What is the status of that project and the structure remains the same in that project?
- Venkat Narayana:** So these are 2 different companies. The projects are next to each other; therefore, we call it as one single name 101 but they are differentiated by X and Y, nomenclature Y. The shareholding pattern is completely different. And in terms of sequencing also, we would want to build this first and move on to that. Just the time, we have done this, and we have some of more work to

be done on ground with respect to (Y) projects. So as of now X and tower transaction that we have.

Biplab Debbarma:

That project and the site has not been -- it's not in a position, entire site not...

Venkat Narayana:

It is in position. Plans have been submitted; approvals are underway. But we don't want to build the entire 4.5 million square foot at one go. So this will happen first and the other one, we'll start little later after this one.

Biplab Debbarma:

Site is clear, sir? That site?

Venkat Narayana:

Sorry?

Biplab Debbarma:

The site is clear. The Y.

Venkat Narayana:

Yes, you see, we have standard holding there. Internally, strategic planning is that we wait for X building to come above the ground. And then start Y building. Y building will also have a hotel.

Moderator:

Next question comes from the line of Manish Maheshwari from Manu Group.

Manish Maheshwari:

Congratulations on the great set of numbers. Sir, what is our rental income for FY '23 that you have reported?

Venkat Narayana:

In the books or exit rental income for a year?

Manish Maheshwari:

Exit.

Venkat Narayana:

INR210 crores from office and retail of INR186 crores.

Manish Maheshwari:

INR186 crores?

Venkat Narayana:

Yes. 400.

Manish Maheshwari:

Total, right?

Venkat Narayana:

Yes.

Manish Maheshwari:

And sir, how is the residential for FY '24, specifically for FY '24, how is the residential pipeline looking like for a market like Bangalore and Bombay, Mumbai?

Venkat Narayana:

Quite bullish. Quite strong, quite bullish.

Irfan Razack:

And there's a long quite a big pipeline also this year, this, this financial year in Bangalore as well as in Hyderabad. Also in Mumbai, I think there's a lot of projects that will get launched in all these 3 cities. And if NCR approval come, then NCR we'll submit.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Irfan Razack: Thank you so much for your participation. It was as usual, interesting, and we quite enjoyed answering the question. Of course, Amit and Venkat and the rest of the team are available for any clarifications you have, any time. We will be more than happy to answer.

Venkat Narayana: Thank you, everyone, and interesting conversation. And I'm sure all of you will appreciate whatever we have done yesterday and reported will benefit the company immediately and also in the long run, doing what we are doing. And given the fact that there is no land available at these locations. And residential is also looking very good.

We look forward to your continued support, and we'll continue to do transactions that are value accretive and which helps grow the company to the next level. All the more exciting next year is going to be because it will mark like the way last year mark our entry into Mumbai. Next year, we'll mark our entry into NCR. We look forward to your support. Thank you very much once again.

Moderator: Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.