The Phoenix Mills Limited
Q1 FY18 Results Conference Call
August 11, 2017

Moderator: Good Day, Ladies and Gentlemen and Welcome to the Q1 FY18 results conference call of The Phoenix Mills Limited. 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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. The management team is represented by Mr. Shishir Shrivastava, Joint Managing Director, and Mr. Pradumna Kanodia, Director - Finance. At this time, I would like to hand over the conference to Mr. Shishir Shrivastava. Thank you and over to you, Sir.

Shishir Shrivastava: Thank you. Good Afternoon, Ladies and Gentlemen, and thank you for participating in The Phoenix Mills Limited conference call to discuss the first quarter FY18 results. I will take you through the operational highlights for this quarter before handing the call to Mr. Kanodia for his comments on the financial performance.

We are extremely pleased to report another quarter of strong growth in the consumption across all our retail assets. Retail consumption at our malls for the quarter ending June 2017 came in at Rs. 16.16 billion up 19% year-on-year while total rental income from our retail portfolio came in at Rs. 2.1 billion up 17% year-on-year.

Our retail assets continue to consolidate their positions as being the leading malls in the cities in which they operate. Of particular note was the performance at Phoenix Marketcity, Bangalore, which recorded a strong consumption growth of 36% with rental income growth of 24% and an EBITDA growth of 28%. Likewise, Phoenix Marketcity at Pune recorded a consumption growth of 24%, rental income grew at 28% year-on-year and EBITDA also saw a growth of 25% year-on-year for the quarter ended June 2017. We would like to highlight the performance at Phoenix Marketcity, Mumbai, which continues to demonstrate a strong uptick in performance with consumption growth of 31%, a trading density growth of 20%, and EBITDA growth of 45% year-on-year for the quarter ended June 2017. In fact, average trading density at Phoenix Marketcity, Mumbai, for this quarter was Rs. 1,065 crossing the Rs. 1,000 mark for the first time. We really believe this to be the inflection point and a sign of further good things to come at the Centre.

Moving onto our hotels business, our hospitality portfolio reported a strong operating trend for yet another quarter. The St. Regis Mumbai has been doing well consistently in the three months ending June 2017, the room revenues were up 27% year-on-year at Rs. 272 million with total income up 19% year-on-year at Rs. 622 million. Average room rates remain strong at Rs. 10,779 for the first quarter FY18 with average occupancy of 72% for the quarter. The Courtyard by Marriott at Agra, we saw revenue from rooms was up 10% year-on-year while total income was up 20% year-on-year. Average occupancy for the quarter ended June 2017 was 51% and ARR was Rs. 3,094.

Moving onto our development portfolio, we have received the Occupation Certificate for Towers 1 to 5 at One Bangalore West and handover of these apartments is in process, construction of Tower 6 is going on at steady pace. Construction progress at Kessaku is as per schedule and construction for the structure of all the five wings is now complete. The RERA regulations in Karnataka were recently notified and Tower 6 of One Bangalore West and all wings in Kessaku were successfully registered with the RERA authorities in July. For the quarter ended June 2017, total incremental sales for One Bangalore West, Kessaku, and Crest was Rs. 299 million while collections were at Rs. 613 million.

Moving onto our commercial portfolio, we have completed the revenue recognition for the commercial area sold and hence there is no revenue contribution from this segment this quarter. We have seen good leasing traction for Art Guild House with 64% of the leasable area being leased. I would now like to hand over the call to Mr. Pradumna Kanodia to comment on the financial performance of the company.

Pradumna Kanodia: Thank you Shishir and Good Afternoon to everyone on the call. Coming to the financial performance, we reported a consolidated income from operations of Rs. 3,959 million for the quarter ended June '17. On the hospitality revenues, there was a 20% year-on-year growth and revenue stood at Rs. 749 million for the quarter ended 2017. The consolidated EBITDA for the period was Rs. 1,760 million which had a margin of 44% and the PAT after minority interest and before adjustments for other comprehensive income stood at Rs. 426 million for the quarter ended June 2017.

The consolidated financials for Q1 FY2018 are not comparable on like-to-like basis with the Q1 results of FY2017 and also for the full Financial Year FY17 on account of the fact that Classic Mall Development Company which owns and operates our retail portfolio at Chennai has ceased to be the company's subsidiary with effect from March 31, 2017, and since then has been reclassified as an associate of the company, so all numbers has to be read in conjunction with this change and adjusting for this change on a like-to-like basis, the Q1 revenues would have been up 3% and EBITDA would have been up 5%.

On the borrowing cost at the end of the quarter, the average borrowing cost stood at 9.5% which has seen a steady decline from the high of 11% in March 2016. Currently, we are in the process of refinancing and renegotiating rates between 8.5% and 8.7%, so we are hopeful that the blended cost of our borrowing is likely to come down from the current 9.5% even further. I think with this I conclude my opening remarks and we would be happy to take on any questions that you may have regarding our results and questions related thereto. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Just wanted to understand a bit of your consumption trend, we have seen almost 25% to 30% kind of growth in consumption for three malls, your Bangalore, Pune, and PMC Mumbai, but similar trend was not really there for HSP & Palladium, and for Chennai, if you can help us understand the divergence?

Shishir Shrivastava: HSP and Chennai, Puneet, they were already performing at a very high number and I would say that they are in stable state, so if you look at the previous year's consumption at HSP for let us say the Q1 of this year we were at trading density of Rs. 3,114 and in the previous year same quarter, we were 10% lower, it shot up by 10% but if you see the Rs. 2,894 number itself is a very high number, possibly the highest in the country today. The base was so high in the last year that the increment has, I think, reached pretty much a stable state at HSP. The next set of consumption growth at HSP will be when we see a churn which is likely to happen in this year and the next, where we have a significant renewal scheduled. We are going to see in FY18 about 13% to 14% and in FY19 about 18% of the leasable area getting renewed, I would say that it would be the trigger for the consumption growth.

Puneet Gulati: Chennai?

Shishir Shrivastava: Chennai as well, we are already at the trading density of about Rs. 1,551 this year, so it has been pretty much at steady state. In FY18, we are seeing about a 46% renewal which has already commenced, so you may have seen some shops which were shutdown or not trading because fit outs were ongoing, that is why you would see that this quarter has been pretty flat in terms of consumption compared to the last year.

Pradumna Kanodia: Also some of the jewelry and other stores have shut down and some other formats have opened, so as a result of which some of the consumption number has come down, but that does not represent that the overall consumption or trading density has come down because you would understand that a gold or a jewelry store would have a high sale, but that would clearly not add too much value on the rental side, so some of those mixes have also resulted into the consumption number appearing to be low. Otherwise, I think with this 46% churning that we are having in the current year, we would see that the rentals would grow, so would the consumption and the trading density trend because the churning happened of these jewelry stores somewhere in October of last year, and Q2 results may be reflective of the changed mix now, when you see the next quarter results.

Puneet Gulati: Secondly, when should we expect the revenue to start accruing from the new commercial stages AGH and Palladium?

Pradumna Kanodia: On the AGH, we already have leased out almost 60% of the area and that is already rent bearing and incremental leasing also has been quite good from our point of view. We are seeing very good offtake of the property at Kurla and since then we have stopped selling any of our commercial portfolio, so we hope that the balance 35% to 40% which is left out would get leased out over the next 12 to 15 months time for the Palladium, next quarter I think we should be able to see the revenues kicking in.

Shishir Shrivastava: Palladium, Chennai, we are waiting for the Occupancy Certificate because from our side the work is complete. We are waiting for the authorities to grant the Occupancy Certificate subsequent to which it may take another two months for the retailers to finish their work and commence trading.

Puneet Gulati: Lastly, if you can give some sense of how the cash flows have been this quarter in terms of CAPEX numbers for the mall and residential construction costs?

Pradumna Kanodia: If you can take a clue from what we made a statement in the opening remarks that the collection from the sales of our One Bangalore West, Kessaku, and Crest was over Rs. 63 crores, that number continues to give us a surplus position, because the sales collections are greater than the construction costs that we are incurring on these projects. Tower 1 to 5 are completed, handover has already started, OC has already been received so balance cost to complete is limited there. On the Tower 6 and the Kessaku part of the development, the collections are taking care of the ongoing construction cost there and we do not foresee change in that order and similarly for the Crest, A, B, C all are completed, handover has begun and once the OC is received maybe in a month or two, we are hopeful that the balance inventory also will get sold out, so from a residential construction point of view, there is no additional Capex which we need to fund, it is a self-sustaining cash flow at these centers.

On the mall side, Palladium as Shishir was mentioning that we have completed our construction there, fit outs probably are part of the obligation to the retailer, so from our point of view there is not much to be spent on this section of the mall as well, and whatever limited Capex is there is only on the mall upgrades, which we continue to do every year across all our centers…

Puneet Gulati: How much would that be?

Pradumna Kanodia: It is a limited amount, so it does not make a dent in the cash flow, it is taken care of by each individual malls from their own cash flows, between 10 to 15 crores would be a number depending on which mall we are talking about, but those numbers are very insignificant compared to the surplus that each mall is throwing up.

Shishir Shrivastava: In the upgrade or on the Capex at the mall, if I may just add to what Mr. Kanodia just mentioned, in Pune we have recently undergone a complete upgrade and there is not much in the nature of Capex estimated this year, Similarly at Kurla, we have completed the upgrades. There is some amount of work that will be done over the next 18 to 24 months at Bangalore, and nothing really anticipated at High Street Phoenix in this coming year. At HSP, of course, there is ongoing work at the unit which was previously occupied by Pantaloons and is now being reworked for the bunch of different retailers, so there is some limited CAPEX there. I do not expect that in this year across all malls we should exceed more than about 18 to 20 crores in Capex.

Puneet Gulati: Cumulative Rs.18 to 20 crores or individually Rs. 18 to 20 crores?

Shishir Shrivastava: Cumulative Rs. 18 to 20 crores.

Puneet Gulati: That is the CAPEX?

Shishir Shrivastava: Yes**.** For the upgrades.

Puneet Gulati: How much do you intend to spend for Bangalore, that should be separate or is it included in the Rs. 20 crores?

Shishir Shrivastava: It is including Bangalore, it should be in that region.

Puneet Gulati: Lastly, for your residential projects, have you been RERA registered, what is the status there?

Shishir Shrivastava: Yes, we did cover that in our opening remarks, we are RERA registered for Tower 6 in One Bangalore West and all wings of Kessaku.

Moderator: Thank you. The next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

Saurabh Kumar: Sir, just on this cash flow for the quarter, you got Rs. 725 crores from CPPIB, right, this quarter?

Shishir Shrivastava: Yes.

Saurabh Kumar: Your debt has come down by only 300 crores quarter-on-quarter, so where is the gap, Sir?

Shishir Shrivastava: That Rs. 725 crores was a primary infusion in Island Star Mall Developers Limited which owns the Phoenix Market City at Bangalore. These funds have come in for growth so they are going to get deployed in certain acquisitions, which are currently under discussion and underway.

Saurabh Kumar: I am saying that you have got Rs. 720 crores from CPPIB, and if I look at your profit plus depreciation, so Rs. 70 crores additionally there, so Rs. 800 crores is effectively we would have got this quarter, but if I look at your gross debt movement quarter-on-quarter, its only about Rs. 300 crores?

Pradumna Kanodia: You are fair in your assessment, what has happened is that we have repaid our Gangetic Hotel loan which was earlier there and we are in the process of refinancing that, so in Q2 you will see that we would have refinanced our Hotel asset, so that is one change. Secondly, the amount that we have received from CPPIB has been invested in liquid mutual funds, pending their deployment in the opportunities which Shishir will speak about later, so in that context when you compare the debt minus the cash available with us, yes, the number would be significantly lower but since we have not given you the balance sheet figures for June 2017, you may not have got the complete picture, but yes, that Rs. 700 crores is lying in mutual funds and is waiting for deployment, and the debt number which is largely on account of two reasons, one we have repaid the Agra Hotel debt, and two, our natural repayments every quarter happen across all the debt, so between the two you would have seen some movement downwards, but I think these numbers are temporary in the sense that we may see a slight change once we refinance Gangetic and some of the other refinances that we are talking about, the Rs. 300 crore number may come back to the levels which you were seeing in Q4 of last year.

Saurabh Kumar: This is assuming you have already deployed the CPPIB funds?

Pradumna Kanodia: That fund is a separate fund, so that fund is not meant to be deployed for repaying of our loans and that is only meant for our development portfolio through the Island Star platform that we have created and there is not going to be any mixing of that fund to repay loans across other SPVs. So it is going to be used only for the purpose of our growth and for opportunities going forward. That is the objective of that fund.

Saurabh Kumar: Fair point, basically if we exclude that mall for a moment, the Bangalore Mall, and even if you exclude the Chennai Mall because you stopped consolidating it now, your total EBITDA from these malls is still significantly higher than the interest you will be paying out on the debt of this, so fair to say that ex these two malls, the company is cash positive, at least the Rs. 3,000 odd crores you attributed debt number at these two malls should start coming down or?

Shishir Shrivastava: Your math is perfectly right, but the fact remains that we have an obligation towards buying out our minority partners which has to be paid out in September of this year, so which will require an X amount of money to be paid out, so some of the numbers which you see, the surplus amount or the repayment which has led to some reduction in debt would come back to those numbers because that is a significant amount of money that is required in the month of September for buying out the residual stake in Pune, in Offbeat, in Chennai, and Alliance, the other Pune company. So between all this, there would be a need for money, so yes, you are right there would be surplus, but every time there is an opportunity, we look at a possibility, of now, that we have the Canadian fund money lying there, so, all our growth opportunities will be evaluated through that platform, but we still have these commitments towards buying out our minority stake partners and that is the immediate requirement that we have in the next quarter.

Saurabh Kumar: That amount I guess is about Rs. 125 crores?

Pradumna Kanodia: No, it is closer to about Rs. 250 cr.

Saurabh Kumar: Just one last question, what is the Agra Hotel EBITDA loss for this quarter?

Shishir Shrivastava: There is no EBITDA loss, it is making profit at the EBITDA level and it is only the interest and depreciation which adds to the loss, otherwise if you look at the operating margins, there is a profit there which is, the first quarter generally is the worst quarter because it is the advent of the summer season, it is only in the October to March quarter that you will see the numbers changing dramatically from what you see right now, but currently the first quarter at least at the operating level there is no loss at the hotel.

Saurabh Kumar: What would be like the EBITDA for this quarter and maybe if you can help with FY17 as well?

Pradumna Kanodia: This quarter probably would be sub-Rs. 5 million in terms of EBITDA, this number would dramatically increase, I would say if you look at an annualized sort of a 12-month performance, the hotel should be giving us an EBITDA of almost Rs. 100 million or whereabouts.

Moderator: Thank you. The next question is from the line of Abhishek Anand from JM Financials. Please go ahead.

Abhishek Anand: Basically, just wanted to understand from you the competitive intensity when you are approaching certain assets for acquisition, are you seeing the cap rates coming off significantly over the last one year?

Shishir Shrivastava: If you are asking us are we seeing competition in the acquisitions that we intend to do, so we participated in that one auction bid for that Indore asset, and yes, we did see that there were these other parties who were also participating in that online bid and they did cross what we had anticipated would be the number at which they would drop out. We had a reasonable idea who the other parties could have been, so yes, that does indicate that the cap rates are certainly getting compressed. In the other cases where we are looking at some land acquisition, really we are not seeing much competition there. In one or two that we are currently in discussions, we are not seeing any competition there. So, in the development space for land acquisition for mall, we are not seeing much competition but clearly and wherever the news reports have announced acquisitions by a certain international funds, you do see that the cap rates have compressed significantly, which is a very positive thing we believe even for our own assets.

Abhishek Anand: What is the update, so Indore we understand was actually you won the bid sometime back, so what is the delay in bringing on to Phoenix books any particular issues there, is it just…?

Shishir Shrivastava: It is just that ARC is closing out some matters there before the conveyance can be done, but the trade is locked in with us.

Abhishek Anand: These land parcels you talking about, will these be new markets or it could be in existing markets?

Shishir Shrivastava: Some are new markets and some are in the same city.

Abhishek Anand: Secondly in our results, I am seeing a bit of uptick in Chennai revenue recognition especially if I am looking at on sequential basis, any particular milestone-related recognition is there or?

Shishir Shrivastava: Are you talking about the residential?

Abhishek Anand: Residential, yes, Rs.156 million we recognized this quarter?

Pradumna Kanodia: While the percentage completion is almost 99.9% so the incremental sales that have happened, all the registrations that have happened over this quarter would have led to the recognition of revenue. There is already as I mentioned in my opening remarks around 35% of the inventory at Crest remains to be sold, so which we will hope to sell very quickly once we get the OC in the next month or so. So, keeping that in mind since all the cost has been incurred, the incremental sales will of course be at the current prices, which will mean that the profitability per square foot would be much higher as compared to my historical sales. These numbers which are currently reflective of the sales that we have done over the last 3 to 4 months and whose revenues have got recognized.

Abhishek Anand: What will be our margins on this Rs. 628 million of revenue recognized in residential, a ballpark number on that?

Pradumna Kanodia: This will be in excess of I would say 40% because clearly the Kessaku product and the Crest product offer us a superior margin and of course One Bangalore West, the costs have been under control and there has been no significant upside in that keeping in view whatever additional amount that we sell, we are currently logging a price of almost Rs. 14,000 for the Towers 1 to 5 and that would mean that our margins would be in excess of 40% for all our residential portfolio.

Abhishek Anand: This would be at the gross level or the EBITDA level?

Pradumna Kanodia: There is no depreciation or interest at this, so there would be some taxation of course which will have to be factored in, but this is a pre-tax operating sort of development margin that we have.

Abhishek Anand: Finally, just wanted to understand the impact of GST, so it is 18% for your tenants, so do you see that incremental 3% coming in as a slightly lower bargaining power from your side or the input credit will offset it?

Shishir Shrivastava: Obviously, I think there is no denying the fact that this is something which the retailers would be very happy with because for them it is not an additional cost, none of the retailers in fact have come back to us. We have gone back to a few retailers, wherein the past for an exceptional case also part of the service tax was being borne by us as a commercial understanding. So we have reversed those now. Those parties have also agreed to allow the pass through to happen and they are bearing that full cost. So from a retail portfolio there has been a zero impact on the increase in the rates from service tax to GST.

Moderator: Thank you. The next question is from the line of Avinash Sinha from CLSA. Please go ahead.

Avinash Sinha: Sir, just continuing on GST first, in the residential portfolio any changes to pricing that you have done?

Pradumna Kanodia: It is too early to do a price revision in terms of what benefit because some of the older contracts that we have given to the parties, the vendors, we are negotiating the terms, whatever benefit we will get, we will evaluate that and see how to pass on the same to the customer. But it is not something which will happen immediately. This will be a gradual process. So, we do realize that some of the taxes as far as our residential customer is concerned have gone up slightly and that needs to be in a manner corrected where we can pass on some of the benefits that we are getting. We are in the continuous process, probably it will take 4 to 6 months to realize how much of these incremental benefits are coming to us and accordingly then, we will evaluate if any pass on has to be done.

Avinash Sinha: Sir, on the mall side where we saw jump in consumption as well, part of this would have been clearly led by the pre-GST sales, right?

Shishir Shrivastava: Right, pre-GST sales, GST has only made end of season sale which usually happens in July move to June. So if one really needs to look at fair evaluation, one should look at the consumption growth of June and July months for the previous year compared to this year which again one has seen, if you look at that our numbers at least tentatively indicate, in Bangalore, we have seen a 35% growth in consumption. Pune has been about in excess of 22% to 23%, Kurla has also been, in the range of 20% .

Avinash Sinha: Essentially, these numbers have not significantly come off in July is that what you are saying?

Shishir Shrivastava: Yes, I mean if you want to really compare or evaluate has there been a significant consumption growth, yes there continues to be, even if you discount for the end of season sale and compare both months together.

Avinash Sinha: The 17% rental jump that we saw, would there be some element of higher revenue share on account of this?

Shishir Shrivastava: Yes, of course.

Avinash Sinha: Can you quantify like what % would have come because of the surge in revenue share?

Shishir Shrivastava: It is a combination of multiple things. Over the last year, we have seen renewals across all our malls where the revenue share percentage itself may have increased as to what we derive for rent. So there has been some contribution there.

Avinash Sinha: Sir, one last question then, the deployment of the cash that we have received Rs. 724 crores, what is the timeline roughly you are looking at, will it be done this year itself?

Shishir Shrivastava: Yes, we are pretty confident that within this FY18 the entire deployment, even if the deployment may take a little more time but at least it will be committed. So, we will have committed the entire amount during FY18.

Avinash Sinha: Sir, subsequently when do you go down till the 50% level will you first leverage and then take further equity or how is it structured?

Shishir Shrivastava: For any development asset, we are evaluating what is the correct appropriate leverage, we intend to certainly fund the land acquisition and may be about 20% to 30% of the construction cost by equity and it may also happen that we may initially fund a higher amount by equity and then go ahead and leverage and pull some equity out.

Pradumna Kanodia: To answer your question, the equity commitment that the investor has will be infused whether we raise additional debt at the Bangalore platform or not, that is not the issue. So that money is committed and it is not subject to raising additional debt or evaluating raising more debt and then getting into that journey of capital raise there.

Moderator: Thank you. The next question is from the line of Atul Tiwari from Citi Group. Please go ahead.

Atul Tiwari: Sir, just wanted to ask, beyond this Rs. 2.5 billion is there any other commitment to buy out or pay more amount to the minority shareholders as of now?

Shishir Shrivastava: No, this will be the last round, we do not have any other minority shareholder left after this, we of course have our partner at the Chennai asset who continues to be there, but this will be the last exit for our minority shareholders.

Atul Tiwari: Then both in Kurla and Pune the stake will reach 100% roughly?

Shishir Shrivastava: Not roughly, 100% surely.

Moderator: Thank you. The next question is a follow up from the line of Saurabh Kumar from JP Morgan. Please go ahead.

Saurabh Kumar: Sir, basically on this residential and commercial, mostly residential revenues actually, we have seen that this line has been quite weak for the last two years at least this contribution, like when do you think the contribution from this vertical kind of goes up for you and also what will be the value of this unsold inventory where you are constructing which you have not sold, what will that be?

Shishir Shrivastava: I think we should go probably development by development. As you are aware, in One Bangalore West and Kessaku, we really do not have any pressure of debt repayments etc., there, I am just explaining the logic to you here, therefore, we have not really felt the pressure at all to do any kind of distress sales, lower prices, etc. We firmly believe in the product that we have and we firmly believe that the pricing is appropriate. So in a market where residential sales have been compressed in the last let us say year-and-a-half or two, we have not resorted to any action which may be some smaller developers may have resorted to in the micro markets, which is drop the price to sell, and we are very, very confident that this product is very good, and therefore, we are going ahead with the construction of Tower 6. We are proceeding with planning and works on Tower 7 and 8 as well at this location. Cumulatively, we still believe that this is going to demonstrate very, very strong free cash flows.

Pradumna Kanodia: Just on the numbers, if you were to look at, we have launched 2.58 million square feet of the three projects and we have sold 1.8 million out of that, so roughly we have a balance of around 800,000 square feet of area is still to be sold there, and plus we have 1.55 million additional launches to be done. So, roughly 2.3 million is what we have in our inventory, which is unsold and keeping in view the current average selling price between Crest, OBW, and Kessaku, it should be closer to around Rs. 14,000 or thereabouts. So if one was to do the math, the land has already been paid for, construction cost remaining pretty much stable, and in that context some of the construction cost for Tower in Crest have already been completed, so with all this we believe there will be a free cash flow of over Rs. 2,500 crores which could come to us once we have completed this entire development of 2.3 million square feet, which may take may be four years' time, but the end result would be that we would be looking at surplus of over Rs. 2,500 odd crores to be coming in from this three residential developments.

Saurabh Kumar: Of this 2500, this 0.8 million will account for what about Rs. 1,000 crores?

Pradumna Kanodia: It will be in excess of that. The average selling price for Kessaku is almost Rs. 17,000 plus, for One Bangalore West we are doing Tower 6 at Rs. 13,500 and Tower 1 to 5 at Rs. 14,500 and in Chennai we are selling at around Rs. 11,500 -12,000. So, even if we were to take an average of Rs. 15,000, it gives you a number which is far bigger than the Rs. 1,000 crores that you spoke about.

Saurabh Kumar: And there will be some construction cost against it?

Shishir Shrivastava: Limited, because Tower 1 to 5 is done, Tower A, B and C in Crest is completed, Tower 6 has reached almost 70% completion, Kessaku is already 70% odd, so the incremental requirement may be disproportionately lower than the amount of sales inventory that can be realized from just these existing developments.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Shishir Shrivastava: Thank you, Ladies and Gentlemen, for joining our Q1 FY18 results call and we remain available offline to answer any more questions you may have. You may reach out to the IR Team of Varun Parwal, Advait, and Pawan Saxena.