"Transindia Real Estate Q2 FY24 Earnings Conference Call"

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MR. ASHOK PARMAR – CHIEF FINANCIAL OFFICER, TRANSINDIA REAL ESTATE LIMITED

Moderator: Ladies and Gentlemen, Good day and welcome to Transindia Real Estate Q2 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjay Punjabi from Investor Relations. Thank you and over to you, sir.

Sanjay Punjabi: Thank you. Good afternoon, everyone. On behalf of Transindia Real Estate I welcome you all to the Q2 FY24 Earnings Conference Call of the company. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

We are pleased to have with us the management team represented by Mr. Jatin Chokshi – Managing Director and Mr. Ashok Parmar – CFO for Trans India Real Estate Limited.

We will have opening remarks from the Management followed by a question-and-answer session. Thank you and over to you, sir.

Jatin Chokshi: Hi, everyone. Good afternoon and a very warm welcome to everyone on our maiden Earnings Call to discuss the performance for Q2 and H1 FY24. We have uploaded the results, press release and presentation on the stock exchanges and company's website. I hope everyone has had an opportunity to go through the same.

Along with me, I have Mr. Ashok Parmar, Chief Financial Officer of the company, and Himanshu and Sanjay from our Investor Relations team. Since this is our first call, I will take this opportunity to walk you through the industry trends company and its business model and share some insights on our growth plan.

Post my remarks, I will hand over the call to Mr. Ashok Parmar – our CFO, to discuss the financial performance for the quarter gone by. I will start with the company's overview. Transindia Real Estate Limited was incorporated on December 3rd, 2021 as a Public Limited company. It is engaged in the businesses of development and leasing of industrial and logistics parks, equipment rental business, commercial space and other land banks.

The company was created to take the opportunities present in the industrial real estate space owing to boom in logistics and manufacturing in India. The company has capabilities of developing fixed income annuity-based assets through industrial and logistics park, commercial space and leasing developed land for CFS/ICD private freight terminal operations. The company is very well poised to be one of the top players in the Indian industrial real estate industry.

Some of the factors that contribute to achieving this goal are land acquired its strategic location, strong domain expertise, in-depth understanding of local nuances specific to the industry sectors and regions.

Transindia Real Estate has extended footprint across India with projects developed or under development in Mumbai and Bengaluru, Delhi NCR, Kolkata, Patna and Chennai. These industrial and logistics parks are occupied by the key players operating in the sectors like e-commerce retail, third party logistics, FMCG, Express logistics, etcetera. With upcoming industrial and logistics parks, we are ready to cater to the new consumption centers with even wider presence.

In the past, we have developed and manage 5.5 million square feet of assets across India out of these assets, we are in the process of divesting certain assets to Blackstone. Overall, the exited assets account for around 4.8 million square feet of space. Mainly these assets include a logistics park in Jhajjar and 10% stake held in other assets as well. This transaction will result in significant cash proceeds and provide for the growth plans of Transindia Real Estate Limited. We expect to receive around Rs. 400 crores from these divestments.

You may notice that we consider this as a highly probable event and have thus identified these assets as discontinued operations in our results. Post conclusion of this transaction Transindia Real Estate will be left with 0.8 million square feet of assets. Moreover, we have 59.8 acres of CFS and private freight land primarily leased out to our group company Allcargo Terminals Limited. We are also planning to create acres of land for PFT ICD opportunity, which we will subsequently lease out.

Additionally, the company also has a planned development of 2.5 million square feet of integrated logistics parks. We shall keep you updated on future developments as we near certain milestone and confirm visibilities. Greater details on the current and upcoming assets are shared on our investor presentation, and we can request you to go through the same.

The brief industry overview, I mean, I would like to give is definitely though the broad numbers have been shared in our presentations, but yes, we have experience and I can say yes in the near future the integrated logistics park particularly the demand for grade A warehouses is going to be humongous due to various factors.

As I mentioned earlier number one the growth in e-commerce and other manufacturing initiatives as announced by the Government of India promoting the local manufacturing that is one reason. Second thing, even traditionally compared to other developed nations like US, like China and other such countries, the per capita warehouse square feet occupied is almost one-ninth or one-tenth of what those countries are having.

Secondly, the government is committed and very much focused on reducing the logistics cost which is currently in double digit in India compared to a single digit in other developed countries and with the committed focus and announcement of various policies like giving industry status to the logistic industries, Gatishakti project then announcing the multimodal logistics parks at various locations by the government wherein the land will be given by the government to the various operators and developers connecting all the roads and dedicated freight corridor so that the eventual logistic cost and time taken for such transition is reduced to a large extent.

So, with all this focus and our own experience of the industries definitely the urban cities and Tier-2 cities including even Tier-3 cities have witnessed a large growth in demand from such grade A warehouses from the organized layers and we are fortunate, and we can proudly say that we are an institutional and very organized player in this sector since last few years.

I will now explain the business model in terms of our operational capabilities. We are a full service platform of distinguished assets in India's urban centers and Tier-2's markets. The company has leased warehousing space to Indian multinationals and other international customers having business interest across sectors like e-commerce, retail, FMCG and others.

The lease contracts are long term with periodic escalations. The investments are typically backed by self-servicing, lease rental, discounting finance. All our parks are built to global standards of institutional players with grade A infrastructure providing standardized building specifications and facilities. Our sustainable measures include rooftop solar for energy requirements and the green initiatives or ESG initiative as a part of our philosophy and culture of the company. Use of sustainable construction material and practices such as rainwater harvesting and efficient use of natural resources.

The company also offers crane rentals, other equipment rentals and maintenance or technical expertise for large-scale constructions and infrastructure projects, including the businesses mentioned above. Our growth strategy would be going forward Greenfield development targeting various Tier-1 and Tier-2 cities of India and substantial development would happen by 2025 to create a stabilized portfolio along with long investment horizon and moderate leverage entering Tier-2 markers, along with highly recognizable credit worthy anchor tenant to boost credibility.

To be partner of choice for all our stakeholders by providing innovations best in class solutions, the highest operative governance at optimal cost and sustainable ESG initiative in the form of green energy. We seek to utilize our expertise and presence to generate attractive returns for our investment in any environment and to make a positive impact on the communities.

Scaling new opportunities which are presently available, the company is exploring opportunities like data centers, multimodal logistics parks in city warehouse and other integrated sectors where there is an outsized growth potential given by global economic and demographic trends. We would like to clarify these are broad strategic pillars of growth identified by the company. We may not be in active discussions currently regarding these future growth avenues.

However, we should keep all stakeholders updated as and when we reach the various milestones and visibilities at appropriate time. I will now hand over the call to Mr. Ashok Parmar to discuss the financial highlights for quarter 2 and half yearly FY24, over to Ashok.

Ashok Parmar: Thank you, Jatin sir. Good afternoon, everyone and a very warm welcome to our Q2H1 Financial Year 2024 earnings call. I will take you through the highlights of financial results for the second quarter and half year ending September 2023. I would like to start with quarterly highlights. Revenue for the quarter stood at Rs. 25 crores as compared to Rs. 32 crores in Q2 FY23. The reduction in revenue during the quarter is primarily driven by lease rental straight lining impact as per the IndAS requirements.

As per the IndAS requirement, EBITDA for Q2 FY24 stood at Rs. 16 crores as compared to Rs. 18 crores in Q2 FY23. The company reported a net profit of 75 crores for Q2. This is not comparable with previous periods due to an exceptional pretax gain of 96.8 crores on account of a business transfer agreement pertaining to our crane division. We have classified certain asset as mentioned by Jatin sir as discontinued operations pending for divestment to the BRE Asia Urban Holdings which we consider a high probability event.

We are at a juncture where we plan for future growth while maintaining a very healthy balance sheet position, consolidated debt for the companie stood at Rs. 68 crores as on September 23 this compared to 108 crores as on March 23. Balance sheet strength will further improve as we close the transaction with BRE Asia Urban Holdings and receive a cash amount of around approx Rs. 400 crores. With this, we would like to open the floor for question and answers.

Moderator: Thank you, Sir. We will now begin the question-and-answer session. The first question is from the line of Mr. Samarth Singh from TPF Capital. Please go ahead sir.

Samarth Singh: My first question is, post the divestment can you tell us what are the warehouse that will be owned by Transindia. I think it is the 0.53 million square feet in JNPT and 0.21 million in Hosur and then the two CFS. If you could just confirm that please and is there any more potential to construct more, develop more in the two warehouses in JNPT and Hosur as of today?

Jatin Chokshi: Yes, you correctly mentioned about our existing 0.5 million as well as 0.2 million facilities in JNPT and Hosur and yes, as I mentioned earlier, we have purchased land close to 59 acres in NCR region for further development of private freight terminal and ICD which once construction is completed, we will be leased out to Allcargo Terminals Limited.

So, apart from that we are currently in the process of purchasing land at certain locations and it is under various stages. Once we complete those purchases and are ready for further sharing of those details and information, we will definitely come back to you.

Samarth Singh: As of today what is the rent you're getting from the CFS, the two CFS property?

Ashok Parmar: Revenue form the CFS is around Rs. 37 crores.

Samarth Singh: I think we are getting quarterly rental income from the logistics park of about 25 crores. So, quarterly about 25, so about 100 crores from the logistics park business of rental income out of which 37 crores is from the CFS business. So, that is about 63 crores, 65 crores is from the two warehouses. So, about 5 crores of rent a month from the two warehouses is that correct?

Ashok Parmar: The current quarter earnings what we have given is sustainable considering the asset what we have with us.

Samarth Singh: So, I'm just trying to understand because that has close to 0.8 million square feet and 5 crores of rent a month that comes to about Rs. 65 square foot that you're earning on the warehouses. I mean is that correct?

Jatin Chokshi: No, the CFS rent is Rs. 37 crores, CFS is comprised of land and building both. So, it is not a complete warehouse rent. So, you can't equate with pure warehousing rentals. CFS as well as the land as well as the open area as well as warehousing and other infrastructures. So, the rental for that is totally different than pure warehousing.

Samarth Singh: No, Sir. I'm talking about the non CFS part of the business. So, we are doing 100 in the logistics park in the segmental results we shown 25 crores of revenue for the quarter. So, I just annualize that to 100 crores of rent of revenue from the logistics park business out of it, you said 37 crores CFS. So, balance 63 crores is from the logistics park it's from the warehouse and our total which is about 5 crores a month and our warehouse we have about 0.8 million square feet. So, that comes to about Rs. 65 square foot.

Ashok Parmar: So, we have a IndAS rent straight lining impact also included in this. So, the security deposit what we received need to be straight lined accordingly. So, currently the rental what we have stated to you are related to a monthly rental and what you had calculated, but here the IndAS impact for both the transactions, the CFS portion, the warehousing portion are being considered as a balancing number by your calculation. So, comparable to what you are thinking the remaining are towards the only warehousing are different.

Samarth Singh: Because of IndAS straight lining the security deposit gets straight lined over the income, is that correct?

Jatin Chokshi: Yes and currently the top line also includes revenue from the non-crane segment. We have sold the crane segment, but certain equipment are still with us. So, we are operating that equipment other than the crane. So, we are getting revenue from there also, but otherwise purely from the commercial perspective, the current rental depending on the location, depending on the size of the boxes in JNPT is ranging from Rs. 22 to Rs. 25 so that is the pure commercial grade A warehouse rentals.

Samarth Singh: And the next question was, so we had in the annual report mentioned upcoming core projects in Mallur new and Patna. So, are those now on the back burner and we have moved on from this, can you just talk about that?

Jatin Chokshi: No, as I as I mentioned earlier, yes, certain locations lender under process of getting purchased. So, Mallur is one of them and Patna the groundwork is completed. So, soon we plan to begin that.

Samarth Singh: Do we own the land in Patna already or we have to purchase that?

Jatin Chokshi: Yes, we'll purchase.

Samarth Singh: You already purchased it?

Jatin Chokshi: No, Patna is yet to be purchased and Mallur part parcel already purchased.

Samarth Singh: And the 400 crores that we are expecting to get post the divestment that is net of taxes, right?

Jatin Chokshi: No, that is gross, but it is net of debt taken for that particular project in the form of LRD, lease rental and discounting.

Samarth Singh: And in the two warehouses that we have today, are they 100% utilized?

Jatin Chokshi: 100% occupied, zero vacancies.

Samarth Singh: And in the balance sheet under investment property, we've seen an increase from 755 crores, investment property has gone up to 755 crores from about 520 crores. So, this between March 23 and September 23. So, what is these 230 crores of increase in investment property if you can just let us know what that is?

Jatin Chokshi: No, that is the land we have purchased in the NCR region. I mentioned earlier that close to 59 acres of the land we purchased for the private freight terminal and another approximately 40 acres we purchased for the warehousing. So, that close to 100 acres, 98 acres of the land we purchased, and the investment outlay is 237 crores.

Samarth Singh: Sir and last question from my side is so, until this NCR property in NCR region is sort of commercialized, is it fair to say these 25 crores odd of rental income we are earning per quarter in the logistics park business that is the sustainable revenue?

Jatin Chokshi: Yes, see normally as I told you, depending on the location of the rental and kind of thing, but yes, we have the track record of zero vacancy everywhere. So, we believe it is sustainable.

Samarth Singh: And there's no impact because of IndAS straight lining issue, there won't be any fluctuations in that correct? That will be 25 crores a quarter assuming we are fully occupied.

Jatin Chokshi: There could be some fluctuation because of the policy, because of the numbers and all kinds of things because every year when you add something, the IndAS impact on that plus the new tenant new deposit also will have an impact on the IndAS. So, that is going to be there, but that will not be very significant, but yes it could be there.

Moderator: Thank you. The next question is from the line of Mr. Anant Mundra from Mytemple Capital Advisors LLP. Please go ahead.

Anant Mundra: Sir, firstly what is the timeline for completion of the divestment of our assets to Blackstone?

Jatin Chokshi: See basically I mean we are under the process of closing all documentation and completing all customary CP's and looking at the current state of affairs, that is the reason we have classified this transaction is highly probable and we expect to close very soon.

Anant Mundra: And sir once these divestments are done, how would our balance sheet look like, so there will be 400 crores of net inflow of cash that we are expecting and existing what is the current debt on our balance sheet currently and how much is the cash?

Jatin Chokshi: Currently 68 crores is the debt.

Ashok Parmar: On a consolidation basis from the asset held under sale we have a 263 crores debt which will go away on a consolidation part.

Jatin Chokshi: No, so what is the cash balance he is asking as on date?

Ashok Parmar: 15 Cr is the current cash balance.

Anant Mundra: And any liquid investments that we have?

Jatin Chokshi: So, we have cash of 15 crores and close to 60 crores is in liquid investment.

Anant Mundra: And sir for the assets that we are planning to develop now like Patna, Mallur and the NCR land that we have acquired, what is the timeline for that, what is the capital required? How are we planning to fund that?

Jatin Chokshi: Is it too early to say because normally for all our warehousing we first commit to the client and according to their requirement we construct. So, the cost is very variable depending on the clients requirement. So, yes, I mean early to say the CAPEX outlay and other things, but yes once we have like we purchased the land we know it is the total land outlay for PFT and warehousing for 100 acres of the land is close to 237 crores, but yes so as and when we progress, definitely we'll share those numbers.

Normally the grade A warehouse construction, but we are normally building the build to suite. So, it varies, but normally as on date approximate cost for constructing grade A warehouse is ranging between Rs. 1,850 to Rs. 2,000 per square feet is the indication, but yes depending on the actual constructions.

Anant Mundra: And sir what is the rental yield or cap rate at which we have done the transaction with Blackstone?

Jatin Chokshi: No, rental yield again is depending on the various location rental yield ranges between 8% to 10% on your development cost and the other information I can't dilute at this juncture, regarding the cap rate.

Anant Mundra: And sir currently on our existing assets that are generating income, how much of it is from related parties, the revenue that we get?

Ashok Parmar: The CFS income what we had mentioned are from the Allcargo terminals, which is a related party. So, we had mentioned around 30 crores are the related party transactions in this.

Anant Mundra: Nothing from the warehouse?

Jatin Chokshi: Warehouse is a small portion; I mean see we have got various operators in our warehouse like third party logistics. So, one of our group companies, Allcargo supply chain has also occupied certain area in the warehouse, but compared to the overall warehouse what we have leased to outside parties to ASCPL it is hardly 5% to 6% of our total space, so not much to the related party as far as the warehousing is concerned.

Anant Mundra: And sir in warehouses and CFS what is the typical rental escalation clauses that we have annually?

Jatin Chokshi: Ranging between 4% to 5% per annum.

Anant Mundra: And sir, when we mentioned CFS land, so is it just the land that we have leased out or there is some development also that we've done on that, and we have leased the land with development?

Jatin Chokshi: No, land and building and structures standing on the land, everything.

Moderator: Thank you. The next question is from the line of Mr. Vipul Shah from RW Equities. Please go ahead.

Vipul Shah: Sir, we've been following you through your Allcargo days earlier and really happy to see you back in the saddle. Just one question I had on the business model is that are we as a company and management okay to take leverage and grow the business both organically and looking at inorganic opportunities if they come out of the way?

Jatin Chokshi: Yes, I mean we are open for all the options, but normally if we talk about the warehouse business, so normally land is your equity because no one can fund you against the land. So, that is what the equity we are investing into the land. As far as the construction is concerned normally 80% to 85% bank finance everyone including us are availing from lenders and since the timeline for this construction is ranging between 9 months to 15 months to 18 months, depending on the build-to-suite requirement. Within 18 months, once assets are handed over on lease then the term loan is converted into LRD. So, it is a self-sustainable model.

So, here apart from equity you don't require any funding. So, similarly for other new inorganic growth what we are exploring various things yes, we require equity. So, we already have 60 odd crores cash lying with us. We expect further out of the Blackstone divestment as and when it happens, another 400 crores, that is what we expected.

So, we have got sufficient fund for the current project, but yes, we also have a capability for further leverages in terms since we have the CFS assets and other assets. So, if any opportunity is very exciting or I mean making a more business sense we are open for that option. So, I mean we can do that provided it makes business sense and it is a value addition for all the stakeholders.

Vipul Shah: Because the foundation of Allcargo and the promoter has been to take on leverage and do M&A and growth through M&A, which is where if you see from all these years since the time you were there when ECU was acquired and growth has come, but what I hear from you sir is that to rapidly grow this, and this is a really superb business like no to doubts on this the line of business we are in, but to rapidly scale up and grow the business. What I hear from you is that because of the banking laws here taking leverage against land will be a challenge and hence to that extent growth will come only to the extent of the equity we put in by and large?

Jatin Chokshi: I agree with you, but again see industries are different. When we acquired ECU**,** it's a different industry that was the asset light model business. So, this is I mean compared to that is the asset heavy business. So, there the cash flow and payback period for any acquisitions in the ECU kind of business is much lower compared to this.

Of course, the only benefit is we can monetize any assets anytime we want, but again, the cap rate and the pricing and everything depending on various factors prevalent at that point in time, like the interest rate scenario or demand for such kind of properties and investor appetite whether he's in a hurry or whether he would like to continue if the sovereign fund is there, probably they've got a long term appetite, but if funds are there, they've got a shelf life defined. Probably they have the plans to go for InvIT REIT or whatever it may be, but yes, all said and done.

We have the cash we will continue, and yes financial institution may not like or will not be able to fund for the land, but they like the land very much as a security for all other financing. So, definitely I mean we have the capacity we have the cash, and we have further appetite to raise either equity or further leverage. Our current assets which are non encumbered like we can monetize our CFS assets if required.

So, this is just an example. We have got all the options available, but definitely we will not miss out on any opportunity. Keeping in mind the group's philosophy culture like what we acquired in the past like ECU**.** So, depending on the situation, definitely we will not leave any value added or any opportunity which will add the value to the business and to the company.

Moderator: Thank you. The next question is from the line of Mr. Samarth Singh from TPF Capital. Please go ahead.

Samarth Singh: You had mentioned that, for the warehousing we are doing mainly build-to-suite, is that correct like we don't do anything. We don't build and then try to lease out, everything that we're doing is just build-to-suit?

Jatin Chokshi: Yes, so far, we have not made any speculative boxes. All our constructions are build-to-suite and even for the current project which is in the pipeline we have got multiple inquiries and definitely our plan is to go for a BTS boxes only. The main benefit is definitely well in advance you tied up with your lessee. The lessee also, when asks for BTS equivalent or more they invest into the in-house warehousing in the form of rakes, automations, and other things, and the contracts are generally for a long-term kind of thing.

And since we have got ample demand from the various MNCs and I mean marquee companies definitely I mean we would like to go for a BTS boxes at this juncture, but yes we are not ruling out any speculative boxes if the situation such arise and I mean we feel that because see it has got both the pros and cons, the benefit of building a speculative boxes is that after 6 months when the construction is near completion definitely there could be some customer who has the immediate requirement of such warehousing.

So, probably, I mean, he may be ready to pay the higher rent compared to the market or companies like Amazon, Flipkart, who has got a periodical festival sales and other kind of things they would also like to kind, but yes we believe in long sustainable business and that is the reason we have the long term contracts, even our investors or they would also like to have a long term contract kind of thing which has got a multiple benefits. So, yes, we are open, but yes our current plan is to go for a BTS.

Samarth Singh: And sir you mentioned escalations 4% to 5% a year what is the security deposit amount on average?

Jatin Chokshi: That ranges between 3 months to 6 months depending on the clients 3 months to 6 months range.

Samarth Singh: And this NCR ICD project, since you already booked the land, would you be able to give a rough estimate of what will be the cost of the project besides the land and expected value?

Jatin Chokshi: No, we just only, I mean, bought the land the total cost of land is close to 237 crores, but very difficult to estimate because currently we are in the process of getting all pre construction approvals and other things are going on and on 60 acres we are building the ICD and the private freight terminal which again has a lot of linkages to the railways and other construction requirements or statutory requirements kind of thing. So, we have not yet prepared a very detailed project report so at an appropriate time we will share with all the stakeholders.

Samarth Singh: And sir my last question was you mentioned that the cap rate on these warehouse is 8% to 10% on development cost?

Jatin Chokshi: Sorry Samarth to interrupt it is not a CAP rate. It is a development yield you get on our total cost. CAP rate is a totally different.

Samarth Singh: If you think about how we grow this business if we are developing and just leasing out the asset we are earning about 10% on our equity investment, is that correct?

Jatin Chokshi: So, basically development yield is 8% to 10% and when you monetize, yes, I mean the expected equity yield could be around 14%, 15% kind of thing that is what I mean any investor looks for.

Samarth Singh: So, he will monetize, you mean actually sell the asset, right?

Jatin Chokshi: Yes.

Samarth Singh: So, would that be a part of how we grow this business well it's just not develop and old, but also develop and continuously monetize?

Jatin Chokshi: Yes, it could be or may not be I mean depending on the market situation, but yes, the structure for all these industries is totally, I mean everyone is building in SPVs and then you have the option of monetizing some of the assets not monetizing, you can continue holding even when you divest you partly divest and you have the chance to participate when the major investor exit in participating in the InvIT or REIT kind of things. So, all permutation combinations are there. So, what is good at particular time for the company, for the stakeholders based on that normally we decide what is best.

Moderator: Thank you. The next question is from the line of Mr. Ravi Mehta from Deep Financial Consultants Private Limited. Please go ahead.

Ravi Mehta: Just one small clarification when we report assets held for sale at 525 crores and it's mentioned that these assets are realizable at 625 crores valuation, but then there is a corresponding liability to the tune of 296 crores. So, how come we receive net 400 crores I was just number doesn't add up if you can just clarify?

Jatin Chokshi: No, I'll just give you the broad number 625 is the enterprise value of Jhajjar that is proposed to be monetized. Apart from that, we are also, I mean, selling our 10% stake into various other projects plus net working capital adjustment all put together is close to 700 crores out of which you remove 290 crores debt. So, naturally you get around 400 crores net cash in your hand.

Ravi Mehta: And one broader question on the business model like you were just discussing in the earlier question, just a thumb rule I want to consider like if you are having an equity of 100 crores and you're putting in a land, then usually the construction cost over and above it would be like 2X of it, like 200 crores you need to invest in developing the parcel into warehouses and all, and then you end up leasing it at I'm just talking on thumb rules just to understand the model like if you even end retaining and continuing what kind of sustainable ROEs you can make from that angle?

Jatin Chokshi: Yes, as I told you the yield would be ranging between 8% to 9.5% till the time you monetize then your real will go up otherwise if you want to choose to hold your return will be in the range of 8% to 9.5% minus the cost of LRD or interest on LRD what you are taking so these are the various broad numbers.

Ravi Mehta: So, net of LRD it will be still like 8%, 9% return on the net equity that you invested?

Jatin Chokshi: On net equity, when you monetize or when you exit or when you get a certain realization, but till that time your rental yield 70%, 80% will go by way of interest on the LRDs and all kind of thing.

Ravi Mehta: And one more thing is like is it possible for you to share any independently verified NAV of the business as and when you keep increasing the base, so just to get a sense on how the assets are valued in the market?

Jatin Chokshi: Yes, we'll think about it good suggestion. We'll think about it and see if we can do that because it has a various factor on again, the commercial and, I mean, sharing the trade secret and all these things, but nonetheless, we'll explore this option.

Moderator: Thank you. The next question is from the line of Mr. Vimal Modi, an Individual Investor. Please go ahead.

Vimal Modi: I have a couple of questions. My first question is, I would like to know who the other major players are who compete with us two or three maybe if you can name and my second question is we have various land parcels all over India. If you can assign some kind of valuation, current market valuation approximate I would be obliged I see a great opportunity here in our company going ahead?

Jatin Chokshi: I mean I'll just name a few developers in this space. One is the IndoSpace I mean other is the ESR, logos, Welspun, NDR, those kinds of companies are in the similar line of business for the development of integrated logistics park and yes regarding your second questions or rather sharing the information that probably you have got the various options and landbanks and other thing. So, let us connect separately post this call to explore any possibilities which fit in terms of location for our business plan and other thing. We can connect separately Vimal on this.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Jatin Chokshi: Thanks for attending the call and wishing you and your family seasons greeting and very Happy Diwali and a prosperous New Year. Thanks for sparing time and attending call and knowing about our company. Thank you very much.

Moderator: Thank you, sir. On behalf of Transindia Real Estate, that concludes this conference. Thank you for joining us today and you may now disconnect your lines.