



Towards sustainable growth

RAMKY INFRASTRUCTURE LIMITED

Q2 FY 11-12

Investor Conference Call

15 November 2011

Ramky Management:

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R S Garg – Chief Financial Officer, Ramky Infrastructure Ltd

Enam Securities:

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Ramky Infrastructure Limited

Moderator

Ladies and gentlemen good day and welcome to the Ramky Infrastructure Q2 FY12 results conference call hosted by Enam Securities Private Limited. As a remainder for the duration of this conference all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. At this time, I would like to hand the conference over to Mr. Rajarshi Maitra. Thank you and over to you sir.

Rajarshi Maitra

Good evening everyone. The management will be represented by Mr. M. Goutham Reddy, Managing Director of Ramky Group and Mr. R S Garg, CFO of Ramky Infrastructure Limited. I would request the management to give a brief on the results and the outlook post which we will proceed to the Q & A session. Sir if you could give your comments please.

Goutham Reddy

Sure. This is Goutham Reddy from Ramky Infrastructure limited. Very quickly I would like to give an over view of the results. As all of you are familiar, Ramky infrastructure has 2 main lines of business. One is EPC of civil infrastructures, where we focus on 6 major sectors including water, roads, buildings, irrigation projects, industrial and construction, power transmission and distribution and 4 main lines of developer business which is roads, industrial power, integrated township and transport terminal. Between the 2 businesses the standalone results represent the EPC infrastructure revenues and expenditures and the balance sheet represent the EPC business plus investments that have been made in to the SPV which form the developer business. The consolidated business is the combination of EPC business and the developer asset that we hold. Coming to the quarterly results, the quarter results have been as follows. The standalone net income of the company for the quarter ended 30-9-2011 has been 590 crores. With a profit after tax of 26.66 crores which is 4.58% of the total revenue. Coming to the consolidated result of the company, for the quarter ended 30th September, we have had 757 crores of total income and a net profit after tax has been 46 crores but there is a minority interest in couple of projects. After minority interest it has 44.19 crores attributable to the shareholders of the company. The overall half year results if you look at has been on a standalone basis, 1199 crores top-line which is a profit after tax of 59.2 crores which represent 5% PAT. And on a consolidated basis, the half year revenue has been 1510 crores and a profit after tax after minority interest has been 89.03 crores. To give a quick summary of these results, the results have generally been in line with the expectations of the company. The revenues have been in line with the overall progress of the company has been making. It's very much in line with the Q1 result which is very reflective of a business like this. Q1 and Q2 typically end up being in line and the growth of revenue for the quarter on a consolidated basis has been 33% and revenue at EBITDA level has been 13% and revenue at PAT level has been 9.5%. Thus very broadly the result. And we are happy to take up any questions.

Moderator Thank you very much sir. Ladies and gentleman, we will now begin with the question and answer session. Anyone who wishes to ask a question, may press * and 1 on your touchtone telephone. Participants are requested to use handsets while asking a question. Anyone who has a question may press * and 1 at this time. The first question is from the line of Sagar Parekh from Enam Holdings, please go ahead.

Sagar Parekh Yeah Hello sir. Could you give us the breakup of order book?

Goutham Reddy Yes. The closing EPC order book as of 30th September is about 11,868 crores which is broken with buildings and water segment constituting 20%. Road segment with 33%. Industrial 9.5%. Power transmission and distribution 4.5% and irrigation projects 12.5% and we have got 15 BOT assets which include 6 industrial parks, 5 road projects, 3 integrated townships and 1 transport terminal.

Sagar Parekh Sir out of your total order book from roads, roads is 33% you said right?

Goutham Reddy Yeah.

Sagar Parekh How much is the in house BOT projects out of that?

Goutham Reddy Approximately you can expect the in house order book to be in the order of about 22% of the total order book which is about 2500 – 2600 crores.

Sagar Parekh Okay and is it possible to get the captive order book break up in terms of Narketpally-Addanki and Srinagar, how much is left?

Goutham Reddy In terms of how much is left, yeah we can come back to you but very broadly Srinagar-Banihal is very little executed probably in the order of 40 crores – 30 crores kind of rates. So 95% of the order book is still left out. In terms of Narketpally-Addanki we are probably about 12 – 15% in that range. So most of the order book is both substantially there. But we can get back to you with exact numbers.

Sagar Parekh So Narketpally-Addanki is 12 – 15% is complete?

Goutham Reddy Yeah.

Sagar Parekh And Jorbat-Shillong, just if you can give me rough figure?

Goutham Reddy Probably the same range of about 10 – 12% is completed.

Sagar Parekh Okay. And how much is the equity invested in all these 3 projects. In overall BOT portfolio.

Goutham Reddy The total equity investment in to the BOT portfolio is about 214 crores as of now.

Sagar Parekh 2-1-4. Sir because in Q2 conference call you said, 230.

Goutham Reddy No. 214 our total equity commitments for the whole year was 100 crores but that was also already there locked up in the form of working capital.

Sagar Parekh So as of now total equity invested is 214 right and how much is the overall commitment?

Goutham Reddy The overall commitment is about 470 crores.

Sagar Parekh 4-7-0. And you would put how much this year in FY12 by the end of the year it would be how much?

Goutham Reddy We expect another 150 crores to be put in by end of this year.

Sagar Parekh Okay and that would be funded?

Goutham Reddy It is already funded and it is there in the company in the form of working capital. In the form of receivables from the SPV.

Sagar Parekh Okay is it possible to give a revenue break up segment wise for EPC?

Goutham Reddy Yes. Mr. Garg will give you a break up.

R S Garg Sure. In quarter 2, in the building vertical we have done about 145 crores. Water, we have done about 134 crores. Roads and bridges we have done about 203 crores. Industrial about 50 and power about 25 crores. Irrigation about 53 crores.

Sagar Parekh So that would sum up to 610.

R S Garg Sorry irrigation is 28 crores making it 583.

Sagar Parekh Irrigation is 28. Sir and there is some part of Gabon in that is also.

R S Garg That goes to our consolidated.

Sagar Parekh How much is Gabon in EPC for?

R S Garg Gabon EPC is about 30. I will just come back to you on this.

Sagar Parekh Sure. Probably it would be standalone and consolidated EPC, the difference between that, right.

R S Garg About 170 crores we have done in SPV, Gabon is about 37 crores.

Sagar Parekh Okay and is it possible to give SPV break up of revenues in terms of how much is Ramky Towers?

R S Garg Out of the 3 major verticals in SPV, one is integrated township. We have done about close to 50 crores. And road project which are under construction so due to FCA method we have to recognize certain things and revenue, comes to about 50-55 crores. And international businesses about 37 crores.

Sagar Parekh And international is the Gabon in EPC part?

R S Garg Yes. As of now that's only one in top-line.

Sagar Parekh Okay and sir in this quarter, how much were the order inflow and if you can give a broad break up of major orders that you received this quarter?

R S Garg In fact during the quarter our order inflow is for 6 months. 2100 crores and if you see vertical wise, we have projects in hand for water and waste water about 2362 crores.

Sagar Parekh As the order book?

R S Garg As order book as on September end. And we have on irrigation we have about 1477 as on date and roads and bridges 3934 crores. Building about 2443. Industrial about 1160. Power about 535 crores.

Sagar Parekh That is the order book. If you can give me.

R S Garg Order received during the quarter. Basically we have done quite well in the building vertical. We received about 722 crores order during the quarter.

Sagar Parekh 722 from buildings out of the 2100 crores.

R S Garg And this is I am talking about quarter 2.

Sagar Parekh Quarter 2 what is the inflow number?

R S Garg Quarter 2 total number is 940.

Sagar Parekh Okay out of that building is the highest.

R S Garg 722 in the buildings. And 114 crores in the roads and bridges.

Sagar Parekh Okay that is the in house or.

R S Garg No this is outside. We have got one small project. And industrial is 87 crores. Like it makes 940 crores during the quarter and 1151 was the first quarter. So making 2092 cumulative for the year.

Sagar Parekh And how much is your guidance for full year probably how much will you close the year with order inflow.

R S Garg Normally we have been staying away from making any guidance from top-line and bottom-line or other order book but you know the market situation is quite different at this point of time. Especially in some of the segment the market is very aggressively bidding. We have taken a conscious call not to be aggressive on such verticals and we do not want to be building up our order book at the cost of unknown risk. And we would be going slow in the roads but nevertheless in other business verticals, we expect a healthy inflow. We have been L1 quite a good number of places

Sagar Parekh How much L1?

R S Garg About 2200 crores is L1 as on date.

Sagar Parekh Okay and that includes maximum from which segment?

R S Garg mostly other than roads and bridges. So it's fully diversified and the growth is expected in building verticals and the water and waste water.

Sagar Parekh And what kind of margins are you expecting? 10% do you think you will be able to do?

R S Garg If you see our this quarter result also, its more or less in line with what we have been doing for many quarters in the past. And we do not see a major change coming in future, at least in next few quarters. EBITDA will be in the order of 12 – 12.5, Half year EBITDA also. And you can expect a similar situation to continue for EPC business.

Sagar Parekh That is 12 – 12.5 is standalone we are talking about right?

R S Garg Standalone EBITDA margin for EPC business. Consolidated EBITDA is upwards of...

Sagar Parekh Sir because I think last FY11 your actual EBITDA was about 10.5 for standalone.

Goutham Reddy I think we are 10.98 for the standalone. It has gone up for 1 main reason is our fixed assets have increased substantially during the current year. I mean during the last year. If you look at FY10, assets were in the range of 120 crores. It's moved up to 360 crores. So we are doing more of our own equipment usage, our own resource usage. Therefore EBITDA has gone up where the PAT is remaining constant.

Sagar Parekh So going forward you would do more of your own jobs rather than sub-contracting it.

R S Garg We will use at least this much of equipment. So for current year estimate you can look at an EBITDA between 12 – 12.5.

Sagar Parekh Okay and sir in terms of your balance sheet, your debtors have significantly gone up, standalone.

R S Garg If you see the number of days, yes you are right. But if you see in absolute terms, we have slight reduction from what we had in June. And this is for 2 reasons. One is that our some of the road projects have progressed a little bit and we could draw some money on those projects and could bring it to company. So working capital levels have come down.

Goutham Reddy so I think the method of calculation you will have to basically look at it from that perspective. If you look at trailing 6 months, and pro rate it, it will obviously look like a bad situation. Because first half in a construction industry is typically not the larger half. It's a smaller half. So that way it's not prorated. Absolute number you would actually see, it has come down to substantially from 1631 crores to 971 crores. So it's a fairly decent reduction I would say, 100 crores reduction to that extent.

Sagar Parekh Sit in your loan and advances how much is loan given to subsidiaries?

R S Garg It consist about 135 crores on share application money which will get converted to share application account. Share capital account during the second half of the year. And once those actions are complete you will see that those numbers are falling drastically.

Sagar Parekh Sure. So this is the same number that 150 that you are supposed to add in equity in your BOT projects.

R S Garg It's already lying in the form of net working capital there. So there is no cash outflow and there is already a provision and corporate action is needed to conclude that which is also work in reduction of net current asset number of days. As we promised last time.

Sagar Parekh When will this be converted sir?

R S Garg the process in on. I think during this quarter definitely it will be completed.

Sagar Parekh Okay and lastly sir any revenue guidance that you would like to give for FY12-13?

R S Garg Generally we are not giving out the guidance but we can expect that the company will have robust growth for the year.

Sagar Parekh And CAPEX for this year would be how much?

R S Garg About 75 crores is the plan which we have said in the beginning. I think we will be exceeding that.

Sagar Parekh Okay. That's all from my side. Thank you.

R S Garg Thank you.

Moderator Thank you. We have a question from the line of Madan Gopal from Sundaram Mutual funds, please go ahead.

Madan Gopal Good evening sir. Sir can you give us some guidance on how do you see the order pipeline and which are the major sequence in the market where you see a strong order inflow happening and how much will be in terms of approximate value of order pipeline that you have done?

Goutham Reddy See as you said we have not set ourselves a target for order book because currently if you look at some sectors are going quite aggressive in bidding and we don't want to be very aggressive or very competitive and therefore we have intentionally not set a target internally for ourselves. We are going to participate in most of the order books. If you look at the outlook from that perspective, we see a barely decent order inflow coming for the water sector, for the building sector, and for the industrial and power transmission sector. We see comparatively much lesser order inflow happening for the irrigation sector and for the road sector. These are 2 sectors that could be competitive or low. For one it is competitive. For the other one it is slow order inflow. Overall I don't think order inflows will have any impact for the company's performance either for the current year or for the next couple of years at least.

Madan Gopal What kind of order were these municipal water projects for these projects?

Goutham Reddy See municipal water projects are typically from the municipal corporations. And we expect a lot of orders in the municipal sector for the next. A lot of orders in the municipal sector for the next.

Madan Gopal These are pipeline projects?

Goutham Reddy Yeah we have got at least 2200 crores of orders that we are L1 and we expect the conversion of these during the current quarter or early part of next quarter and most of that it is in the water and of building sector.

Madan Gopal What are the kind of projects these are retail ones or the commercial ones. Are they residential or commercial and is it on government or private, where do you see these orders coming from?

Goutham Reddy We typically focus on institutional buildings largely government line. We focus on health care, education and office building of the government. So 90% of our building order portfolio is from the institutional buildings. 5 – 10% of real estate portfolio more focus on the residential. That's a very small component of our total building component.

Madan Gopal Okay.

Goutham Reddy only 2. Out of the 2200 crores where we are L1, we see a large part of it from the water end of building segment, we also have a little bit of road portfolio and a little bit of industrial construction portfolio.

Madan Gopal Industrial construction what are the nature of these orders?

Goutham Reddy We are doing various industrial constructions like we have done for Dr. Reddy's Lab, we are doing for NALCO, we are doing for Angul, we are doing quite a few project Aditya, so we are doing for quite a few industrial construction but that's the sector where we see it will grow at a much faster pace.

Madan Gopal Okay. Thank you sir. Thanks for taking my questions.

Moderator Thank you. The next question if from the line of Reema Gupta from JHP Securities, please go ahead.

Reema Gupta Hello? Sir my question was that your tax rate as percentage has increased to 30% from 14.5% in the last quarter, so can you just put some light on that what's been the reason for the same?

Goutham Reddy Yes. Recently in our last board meeting, our board has advised us that in line with the peer companies, that we should also start recognizing full tax rate and accordingly we have now started recognizing full tax rate from quarter 2 and therefore our tax rate has moved up. By end of the year, we will also probably look at how to consider the previous year's tax concessions that been recognized. Because though we as a company and as management continue to believe that EIA is available for the company, we would like to continue to content with tax authorities that we are eligible for the tax deductions. However we have for the current quarter taken full provision for tax. So the next 2 quarters also we intent to take full provision. How to look at the previous year, probably this quarter and next quarter we will take a call on that.

Reema Gupta So you are expecting it can go more higher than the current rate also.

Goutham Reddy No the tax rate will not go higher than this. But there is a previous tax that has been recognized, how to look at taking provisions for the previous year's tax is something we may look at during the next couple of quarters.

Reema Gupta Okay fine sir. And my next question was what is the average cost of borrowing, average interest cost?

Goutham Reddy I think another 0.5% on the rate of interest which will mean about 0.1% increase in our cost. It's a major portion of our cost though we have to take the additional burden. But it's within manageable. And should not go into dent our profits severely.

Reema Gupta Okay and what debt level do you see at the end of the current year?

Goutham Reddy As of now in this quarter we have not added to our debt much. In fact it has been virtually at same level like what it was in June quarter. And going forward we hope to add another at least about 100 crores to 150 crores to this based on estimates of our top-line.

Reema Gupta Okay sir. That's it from my side. Thank you so much.

Goutham Reddy That would mean about 15% rise from our current level.

Reema Gupta Okay. Right sir.

Moderator Thank you. The next question is from the line of Naveen Jain from JMH, please go ahead.

Naveen Jain Good evening sir. Sir I am not sure if you have already answered this question because I logged in a little late. So if you could just answer. If you can give me your break up of your consolidated revenues in terms of construction and the Pharma City.

Goutham Reddy Yeah. On consolidated we have done about 170 crores through the SPV routes and over 37 crores came from international operations. Just a minute, I'll go to that. The building vertical gave about 25 crores turnover. Roads gave about 10 crores turnover.

Naveen Jain So if I add all this, 110 from roads, about 25 crores from building , international subsidiary 37 crores, about 582 crores versus standalone right? This is what you are saying?

Goutham Reddy 580 is the standalone.

Naveen Jain So all this taken together comes to about 750 odd crores. But I think the top-line was about 830 crores.

Goutham Reddy No 750. 751 is our top-line.

Naveen Jain Yeah. Got it. This is 110 crores of top-line what is this, as I understand you have only one operational project right now which is the Hyderabad ring road project where the annuity for the full year is about 62 odd crores or 63 crores. So what is this 110 crores?

Goutham Reddy We have been following FCA method of accounting for our financial assets. And since those projects are annuity projects we have to follow that accounting method and that gives us. It's an annualized basis, we have to recognize the future income. Basically exactly not a sale or top-line income booked. It doesn't convert into cash flow but this is on account of FCA method of doing it.

Naveen Jain So which particular project are you doing this?

Goutham Reddy This is for Srinagar-Banihal, for Jorbat-Shillong, for **NAM 29.09** project. So these are the 3 projects.

Naveen Jain So basically all the project where execution is happening?

Goutham Reddy Yes.

Naveen Jain Okay so this is like some kind of assumed construction margin that is being booked on a consol number, is it something like that?

Goutham Reddy Margin on this is recognized is very low whereas because of the FCA accounting method we have to recognize work-in-progress equivalent as top-line. So some portion of it gets neutralized as reduction with the related party transaction.

Naveen Jain Okay so elimination happens while consolidating.

Goutham Reddy So net top-line addition on account of this is only about 60 crores.

Naveen Jain That is about 60 odd crores. So 50 crores would have been executed by standalone. So that is why it would have got eliminated.

Goutham Reddy Exactly. And I stand corrected, the international business has given us 84 crores not 37 crores.

Naveen Jain Yeah fair enough. No problem. So in terms of the margin in this 60 crores net that would have remained which is notional in nature. I mean I am just talking about this consolidated number of 60 crores which was not eliminated because of the FCA based accounting that we are doing.

Goutham Reddy This bottom-line of 26 crores not much. Because the project IRR and equity IRR it has ink with that, we have recognized profit based on those ratios. If it is 11% or something, about 14 – 15% minus certain expenses only gets recognized at bottom-line. So that's a certain different formula. It's exactly fitting into those percentages but every quarter there is some variation.

Naveen Jain And in your building segment, which is about 35 crores was booked. So this is sincerely coming from pharma city project or some bit from Ramky Tower also.

Goutham Reddy We have 3 verticals. SPG is handling our integrated township related business. Ramky Tower, Ramky Enclave and Ramky Integrated Township Limited. Ramky tower has run this stage.

Naveen Jain So Ramky Pharma City would have some top-line?

Goutham Reddy Yes. Ramky Pharma City also has about 27 crores top-line.

Naveen Jain So that is over and above this 25 crores?

Goutham Reddy Yeah.

Naveen Jain So Ramky Pharma city, this revenue is all through land sale as I understand.

Goutham Reddy Part of it through land sale. About 14 crores is through land sale. 15 crores is ONM revenue of that?

Naveen Jain So what is the ONM revenue for the full year you expect in the current year?

R. S. Garg ONM we expected the revenue of about 35 – 40 crores for the full year.

Naveen Jain Is this being eliminated on consolidation or this is the external parties?

R. S. Garg It's a complete third party income. There is no elimination in this.

Naveen Jain There is no elimination happening there. And what is the kind of margin you would have made in this. In Ramky Pharma City what is the kind of PAT you have made in the first half, if you could share that number, it will be great?

R. S. Garg See ideally we have an EBITDA of 16% in the Pharma City project because the project itself is net-net cost plus model. Right now as of the first half, we have achieved revenue of 54 crores with a PAT of 7.66 crores. But this is reflective of 2 things, one is, coming from sale of land and the second thing is revenue coming from sale of operational services.

Naveen Jain So sale of land depends upon the market rate and your ONM services has 16% fixed EBITDA basically kind of built in cost plus model.

Goutham Reddy Not EBITDA operational profit because there is administrative overheads after that. So we will probably end up getting about 10% PBT level.

Naveen Jain Okay. And this 30- 40 crores how do you see it moving in FY13?

Goutham Reddy Should reach close to 60 – 70 crores by FY15-16, we expect this number to be reaching close to 150-180 crores.

Naveen Jain And next year FY13 to double basically almost.

Goutham Reddy Close to about 75-80.

Naveen Jain Okay got it. Sure sir. Thanks a lot.

Goutham Reddy Thank you.

Moderator Thank you. The next question is from the line of Chavi Agarwal from Ramky Capital, please go ahead.

Chavi Agarwal Hello? I think you took it wrong, it is Ambit Capital.

Goutham Reddy We didn't have a finance capital.

Chavi Agarwal Yes. My first question is on the water treatment industry. Where is the growth coming from municipal sector or industrial segment?

Goutham Reddy We only operate in the municipal segment., municipal water and municipal sewage. And we have work coming up in both the sides which is water and sewage side. On the water side, intake wells, we do water treatment plants, and we do water distribution systems. On the sewage side we do underground drainage system. We do conveyance. We do affluent treatment plants and discharge of the sewage. It's more on the municipal side.

Chavi Agarwal Sir which state are you seeing the most demand coming from?

Goutham Reddy Last few quarters we have seen the demand maximum from UP, Rajasthan and Maharashtra and historically also these states have been contributing fairly large towards these projects.

Chavi Agarwal Sir are you also participating in the BOT opportunity in the water and water treatment segment?

Goutham Reddy The BOT opportunity in water has been opened as much as we would have expected it to. And whatever little has opened has not had very concrete documentaries in terms of guarantee, warrantees and in terms of financing, backing from the municipality and all that

but yes we will be concentrating in all the contracts that will come and we have participated in most of the contracts that have come.

Chavi Agarwal Sir can you give me a broad EBITDA margin rate in the municipal water treatment and municipal water treatment segment?

Goutham Reddy I would not differentiate so far most of our revenues in water sector has of now has been coming from the EPC business and we have approximate EBITDA of 12.5% may be in the range of 12 – 12.5 is what the water sector is contributing and at a PAT level, it translates to about 5%.

Chavi Agarwal Okay sir do you look for projects which are funded by external agencies only? Do you have some criteria on that?

Goutham Reddy We have a criteria which tries to divert us to look at first priority external funded projects. Second priority is central government funded project. Third priority is state government funded project. And the last is the municipal funded project.

Chavi Agarwal Sir do you have split of water order book, what percentage would be state government funded and central government funded?

Goutham Reddy I may not be able to tell that immediately but yes we would have fairly good amount of it being central government funded and lot of these projects are JNNURM funded and Urban Renewal Mission funded. I may be able to tell you separately later on the funding pattern.

Moderator Thank you. The next question is from the line of Rohit Patni from Edelweiss Securities, please go ahead.

Parvez Good evening sir. This is Parvez here. Sir would it be possible for you to give the geographical breakup of the order book?

R. S. Garg Yes we can give you the geographical break up. We have south zone contributing 25% of the order book. East is about 12. West is about 14. North Zone is 26, and Central is 30.

Parvez And sir when you said that your captive order book has 22% of the order book. So does it include only roads or it includes the other.

Goutham Reddy It includes buildings and roads as of right now.

Rohit Patni So overall whatever your 16 BOT projects and whatever is the pending work in any of them.

Goutham Reddy I would say that this order book is between 5 projects. 3 road projects and 1 building project. Only 4 project of captive are running. Remaining are either commissioned or yet to start. We don't recognize our order book until financial closure is completed. And there are execution of work has commenced and real order is in place so given that this is a only four projects.

Manish Hi Goutham, this is Manish here. This execution for this quarter as in quarter 2 has seen some slow down I think it was like 15% growth versus 40% in first quarter and I think 30-40% growth that you have been maintaining for the last few quarters. So was there any specific reason why there was a bit of a slowdown in this quarter 1 and what is the run rate which we should assume or look forward to the second half of the year?

Goutham Reddy I don't think it is less than expectation as far as we are concerned. If you look at it in comparison with Q1 we are about the same as we would have achieved in Q1. Typically is what you expect between Q1 and Q2 for a construction company. The major difference in term to the percentages that you are looking last year Q2 has been a much better year and especially last year Q2 we had a substantial contribution from pharma city which contributed a large revenue and profit owing to significant pace that happened in Q2 of last year. It had a large profit and large revenue. Otherwise I think it's been a fairly decent quarter.

Rohit Patni Okay so it's more due to the basic PAT of last quarter.

Goutham Reddy Yes.

Rohit Patni Okay. Fine. I will get back if there is any other question. Thank you.

Moderator Thank you. We have a question from the line of Pranav Gokhale from Religare Asset Management, please go ahead.

Pranav Gokhale Good evening sir. If I look at the standalone numbers other expenses seems to have gone up a bit. Could you please highlight if there is a one-off. Is there an admin and other works?

Goutham Reddy See the company we have prepared the organization for higher educational levels and naturally the manpower cost and other associated cost have been taken as additional. When we close quarter 3 quarter 4, and go for annual result, we feel that it will get equalized. So as a quarter administrative cost and associated cost manpower is looking higher. But over the year it will get equalized and it will have a same percentage coming up. There is not much variation other than the additional man power taken to execute higher level of projects.

Pranav Gokhale So the admin cost has gone up may be from 12 odd crores last year to a 30 crores number this year.

R. S. Garg 7 – 7.3% has gone to around 10%. The 3% increase will be taken care over the next quarter.

Pranav Gokhale And this time around you have seen some slowdown in order inflow number, if you actually see the first half as such, is it to do with some policy and decision making which we expect to reverse in next half or do we expect this year to be slightly lower as compared to even last year.

Goutham Reddy It's a function of both. Surely 1) the number of orders being awarded lower than the last year. And few of the national level issues are keeping a few large projects decisions at pending. However we don't see order book being an issue and as we have responded in some of the earlier questions, neither we had kept a target for ourselves, nor we are fighting against the target. Because that could generally lead to a competitive in to bidding stage which we don't intent to.

Pranav Gokhale So you have not lowered your margin threshold or what you bid for across projects.

Goutham Reddy As I said, as a concept we haven't kept a target even for our _____ **43.40** that could slip in to a wrong direction.

Pranav Gokhale Are you qualified for water BOT projects, something like a desalination project or higher end? Is there a specific technical pre-qualification?

Goutham Reddy Yes. Specifically desalination we haven't done. If you look at water, any BOT project with water and waste water, generally we are qualified because one of the largest in both this segment.

Pranav Gokhale Just not industrial water.

Goutham Reddy No only the municipal. We don't do industrial water at all.

Pranav Gokhale Okay just to understand the rationale behind not going to much of industrial waste water or sewerage treatment, is there some issues with regards to working capital which is.

Goutham Reddy No we never focused ourselves in that sector nor did we develop our competence in line with that. Municipal water and municipal sewage historically been our core business and we have been doing quite well in that sector.

Pranav Gokhale Okay thank you sir and all the best,

Goutham Reddy Thank you.

Moderator Thank you. The next question is a follow up question from the line of Rohit Patni from Edelweiss Securities, please go ahead.

Rohit Patni Goutham how much would be the proportion of captive road project in the total revenue for this quarter?

Goutham Reddy You are talking about the revenue or order book?

Rohit Patni Revenue as in 200 odd crores if I think from the road segments, how much would be the captive out of that?

Goutham Reddy We don't have the immediate breakup but you can assume close to about 130-110-120 crores from the captive projects.

Rohit Patni Okay and this 2600 crores you said is the captive order book which is there right?

Goutham Reddy Yes. About 2500 crores is the captive order book.

Rohit Patni And this would be executed over next 1.5 to 2 years. What would be the execution cycle for this?

Goutham Reddy About major portion of it will come in next 24 months.

Rohit Patni Okay thank you.

Moderator Thank you. The next question is from the line of Sneha Poddar from Sharekhan, please go ahead.

Sneha Poddar Yeah good evening sir. Sir this Gwalior project achieved the COD?

Goutham Reddy It's still in the last lag. Hopefully, during December we would be able to see that.

Sneha Poddar Okay. Sir then for the full year, we would be receiving just 1 annuity or it would still be getting 2 annuities?

Goutham Reddy 1 annuity.

Sneha Poddar And how has been sale in the Pharma City, I mean if you could quantify it?

R. S. Garg See we have already a very reached a good threshold. 75-80% area is sold and now this remaining 20% has to give a very high premium. We have to make only strategic sale where we get high valuation and volume is low so we want to take maximum gain out of it. Now the company and unit has to move on to develop certain other business streams and ONM revenue has to be built up and associated activity with that lag it's a big industrial power. So we are trying to develop some other income extremes in that through associated activities. And going forward I think the sale of land will see lesser action and ONM and other activity.

Sneha Poddar Sure sir. If you could just update on Ramky Tower and your integrated township. How are they doing?

Goutham Reddy Ramky Tower has done extremely well. They are booking customer response is very good. It's already done to an extent of 80%. 70% is delivered. 80% is sold. As again like Ramky Pharma it's still in the last lag. Sale will be slow. We would like to make maximum premium out of it. It's well liked and it has reached a very good level of completion.

Sneha Poddar Sure sir. That's it from my side. Thank you.

Goutham Reddy Thank you.

Moderator Thank you. As there are no further questions, I would now like to hand the floor back to Mr. Rajarshi Maitra. Thank you and over to you sir.

Rajarshi Maitra I'd like to take this opportunity to thank Mr. Reddy and Mr. Garg for taking time out for this conference call. Thank you sir.

Moderator Thank you sir. Thank you members of the management. On behalf of Enam Securities private limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.