



Towards sustainable growth

RAMKY INFRASTRUCTURE LIMITED

Q4 & FY2011

Investor Conference Call

1st June, 2011

Ramky Management:

Y R Nagaraja – Managing Director, Ramky Infrastructure Ltd

M Goutham Reddy - Executive Director, Ramky Group

R S Garg – Chief Financial Officer, Ramky Infrastructure Ltd

Operator:

Thank you for standing by and welcome to Q4 FY11 earnings of Ramky Infrastructure Limited conference call presented by Enam Securities Private Limited.

At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask any question please press *1 on your telephone.

I would like to hand the conference over to Mr. Rajarshi Maitra. Over to you sir.

Mr. Rajarshi Maitra:

Good evening everyone. Welcome to this conference call. The management will be represented by Mr. M. Goutham Reddy, Executive Director of Ramky Group, and Mr. Y.R. Nagaraja, Managing Director 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. Sir, if you could give your comments please.

Mr. Goutham Reddy:

Thank you Rajarshi.

Just to add we have our CFO Mr. Garg also on the call, just to add in case anyone would like to know that. I am Goutham Reddy here, I am a director of Ramky Group. Quickly would like to give a quick overview of Ramky Infrastructure Limited.

Ramky Infrastructure Limited most of you are familiar, but just to give you a very quick snapshot we have two main lines of business which is an integrated construction and development of infrastructure, which means we have two businesses, an EPC line of business and a developer segment of business. In the EPC segment we have six sectors of focus – water and waste water treatment, buildings, irrigation projects, roads, industrial construction, power transmission line and irrigation projects are the six EPC segment. In the developer segment we focus on four major sectors right now – industrial parks, roads, integrated townships, and transport terminals. We have got about 11,000 crores of closing order book and 14 BOT ongoing projects with a couple of more in the immediate pipeline. That broadly summarizes the business of Ramky Infrastructure.

The standalone Ramky Infrastructure Limited broadly represents the EPC business plus the investment that would have gone into the 14 BOT or SPV assets of the company, and the consolidated business represents the consolidation of the EPC business and the integrated infrastructure development business, that is the consolidated business.

For the year ended March 31, 2011, I must say that the management is very happy with the performance of the company. Generally, the overall performance has been satisfactory and commensurate with the expectations that we had set for ourselves. The Q4 performance per se if you look at has been very good. The standalone revenue has been Rs. 1011.31 crores, which is a fairly good growth, and a net profit of Rs. 62.51 crores on the standalone business for the quarter, and on a consolidated basis for the quarter the revenue has been Rs. 1294 crores with a net profit of Rs. 91 crores. If you look at the whole year performance, at the standalone performance of the company for the year has been Rs. 2730 crores with a net profit of Rs. 157 crores, and for the consolidated business the revenue has been Rs. 3146 crores and a net profit of Rs. 206 crores. Rs. 206 crores is a phenomenal 62% growth compared to the previous year and the growth is actually much better than the expectation and the revenue of Rs. 3146 crores has been a year on year growth of 54% compared to the previous year, which is a very decent growth. In terms of the current position where we stand, the position is quite strong and robust. We have got an outstanding order book of about 11,000 crores, which is coming from the previous year balance of a little over 7000 crores opening order book, new orders booked in the last year were 6100 crores, and after achieving 2700 crores of revenue we are left with a closing order book of 11,000 crores which again is a fairly decent growth of about 50% in terms of order book.

I think the company is in line for a fairly decent growth which will be better than the industry and better than the peers within the industry is what we believe, and I am sure all of your support will continue to the company and with your support we are confident we will achieve much better.

Mr. Rajarshi Maitra:

Sunita, can you please open the floor for the Q&A?

Operator:

Yes sir. Thank you.

At this time, participants if you wish to ask any question, please press *1 on your telephone and wait for your name to be announced.

The first question we have Ms. Meghana Kawale from Span Capital. You may go ahead please.

Mr. Kesvinder Suri:

Good morning, this is Kesvinder Suri here. Can we have a break up of your order book in terms of your own BOT projects and outside EPC?

Mr. Goutham Reddy:

We have got BOT projects which are coming from our own order book, and our own order book would be in the order of about 4000 crores, predominantly coming from the two large BOT projects the Srinagar-Banihal project in Jammu Kashmir, the Narketpally-Addanki project in Andhra Pradesh, and Jorhat-Shillong project in Meghalaya Assam segment. Other than that substantially most of the projects are third party which is government related projects.

Mr. Kesvinder Suri:

And can we have a break up of the remainder 7000 crores into different segments and government and private?

Mr. Goutham Reddy:

Just to give you a quick overview, the 11,000 crores we are breaking up into 1930 crores of buildings, 2150 crores of water waste and water treatment plant, 4200 crores of roads and bridges, 620 crores of industrial construction, 620 crores of power transmission line, 1500 crores of irrigation projects is how this breaks itself into.

Mr. Kesvinder Suri:

Okay, and in terms of revenue what is the break up now, which are the projects which are I mean which segment contributed to the revenues?

Mr. Goutham Reddy:

In the year that closed we achieved approximately revenue of 26% from roads and bridges, 32% from water waste and water, 21% from buildings, 6% each from industrial and irrigation, and 10% from the power sector.

Mr. Kesvinder Suri:

Okay. And what is the equity commitment for the 14 BOTs and how much is the equity component and how much we have invested and how much we have to invest?

Mr. Goutham Reddy:

What ended up happening was we did contribute a large part of our equity by virtue of working capital into the roads because there has been a slight delay in the draw down of the BOT projects that we have started construction. So, a large part of our equity commitment is currently in the form of working capital which is coming back as payment and the same amount will be ploughed back. In the current year we are contemplating about 150 crores of equity

infusion into the road projects and all of which is already there in the receivables from the SPV projects right now.

Mr. Kesvinder Suri:

Okay. That takes care of my initial queries. If there is any more I will get back in the queue. Thank you so much.

Mr. Goutham Reddy:

Thank you very much.

Operator:

Thank you.

Once again, participants if you wish to ask any question, please press *1 on your telephone keypad and wait for your name to be announced.

The next question we have Mr. Sunil Kumar from Birla Sunlife. You may go ahead please.

Mr. Sunil Kumar:

Hi, good morning everyone. Sir, wanted to just check on a couple of balance sheet items; one is the debtors which have gone up from the H1 to Q4, and second is the investments which have also gone up, so if you can explain those.

Mr. Goutham Reddy:

In terms of the debtors, Sunil, as I was just explaining a minute back, a large part of it has got to do with the BOT projects that the company has executed for the SPVs for which financial closure has been achieved but there has been a certain delay in draw down, having certainly of the cash flows we have taken a call to infuse our working capital and execute the projects, as a result of which about 200 plus crores, approximately 30 days of debtors has increased primarily on account of our own BOT projects which by end of Q1 we are confident that draw down should be completed and we should have achieved reduction in the debtor cycle. So, that brings that debtors back to the approximately between 110 to 120 days which we have historically been and that will be achieved as I was explaining.

In terms of the investments, if you look at there are two things; one is the fixed assets, as you know we have increased our fixed assets substantially by about 200 crores in the last year. The primary reason we have increased fixed assets is we have realized that you know the large road project that we have won in Srinagar-Banihal and the Jorhat-Shillong and Narketpally-Addanki require a lot of assets, so a lot of investment has gone into the fixed assets and also the equity

of these projects. So, all of it is contributable to the BOT projects of the company, directly or indirectly.

Mr. Sunil Kumar:

Kay, so which is like that has gone up from around 60 crores to 214 crores investments, so that has largely gone into BOTs?

Mr. Goutham Reddy:

All of it to BOT in fact.

Mr. Sunil Kumar:

Okay. And debtors like which you were mentioning debtors have actually gone up from around 560 crores to 1060 crores.

Mr. Goutham Reddy:

If you look at there is a 40-50% growth in terms of the revenue which contributes to about 250 crores of it, the balance 250 crores of it is actually contributed by the BOT projects that I was just indicating.

Mr. Sunil Kumar:

Okay. So you expect reduction in debtors in Q1 and similarly the working capital also will get eased.

Mr. Goutham Reddy:

Surely we expect reduction both in working capital and the debtors by end of Q1.

Mr. Sunil Kumar:

Okay, right. And if you can explain a little bit on the status of our real estate and that pharma city project in Hyderabad.

Mr. Goutham Reddy:

The pharma city project is a quite advanced stage project where more than 90% of the project is executed and is an operational industrial park. It basically has two components – it has an SEZ component and a DTA (domestic tariff area) component. The total land area is 2200 acres, 630 acres is in the SEZ area, 1500 acres is in the non-SEZ area. In the SEZ area we have about 400 acres of leasable land, and in the DTA area we have got about 1100 acres of saleable land.

In the SEZ our concept is to upfront the lease premium and collect money equivalent to the sale value which we have been doing. Our average realization till today has been about 60 lakhs per acre, but our last realization has been close to 1.2 crores per acre, we still have another 100 acres of land to sell in the SEZ area and we expect further inflow of about 100 crores in the SEZ component of the project. In the DTA area we have 1100 acres of saleable land of which we have sold about 780-800 acres. We have got another 200 acres of saleable land. Our average realization till today has been about 32 lakhs per acre. Our last transaction has been about 75-80 lakhs. We expect the balance 200 acres to sell at an average price of about 60-70 lakhs per acre. So we can expect another 140 crores of inflow from this project. We have debtors and further completion components of the project which will require another 100 to 120 crores, so we can expect this project to close with approximately between 150 to 160 crores worth of profit before tax on a wholesome basis. The last year that completed we achieved a 42 crores profit and we also actually had a dividend declared in the project to the tune of 12 crores on 31st March 2011.

Mr. Sunil Kumar:

Okay, so this 42 crores you expect it to go up to 150 crores this year.

Mr. Goutham Reddy:

And we had also 24 crores profit which we achieved in the year before that. The total profit recognized till date is approximately 70 crores. We expect on closure of the project the profit before tax to be about 160-170 crores, it has got an 80(i)(a)(b) benefit, so we expect the profit after tax to be about 130-140 crores.

Mr. Sunil Kumar:

Right, and mostly it should get complete in FY12.

Mr. Goutham Reddy:

It should get some more profit in FY12, but in all possibility the capital realization of the project should be completed substantially in FY12, there might be small little components of corner plots which might be left out which will fall through to the FY13.

And in terms of the two residential projects, one in Hyderabad and one in Warangal, both in Andhra Pradesh, the Hyderabad project is approximately a 1.5 million sq.ft. built up area of which we have already built about 65% in terms of percentage of completion, we have also sold approximately 75% of the property, and the average construction price for us is approximately 2200-2400 of cost price, which includes construction cost, land cost, admin and selling cost, marketing cost everything put together, and revenue share to housing board, but our average sales realization till date is about 3200, so we are expecting a profit before tax of approximately 700 rupees a sq.ft. which approximately is 20%, and a profit after tax could probably be about

500 rupees odd, 450 rupees per sq.ft. We have another project in Warangal which is a small one but doing well, it has completed about 35% sales and it has got similar profits, close to about 10-11%. So, both the real estate projects are doing well, and pharma city is phenomenally doing extremely well I can tell you.

Mr. Sunil Kumar:

Okay. Sir overall, in terms of debt, in terms of investment in all our BOTs as well as subsidiaries, how much investment would we make in FY12, it will be not more than 250 crores rupees?

Mr. Goutham Reddy:

Yes, in terms of equity in 2012, we are not contemplating beyond 150 crores, but the total debt as it stands today is about 1200 crores as we were telling you on the consolidated basis.

Mr. Sunil Kumar:

Right, so how do you see the debt in FY12?

Mr. Goutham Reddy:

A large part of it will depend on the progress of the three BOT projects that we are doing, the Jorhat-Shillong, Srinagar-Banihal, and Narketpally-Addanki, but we can expect the debt profile to go up, it should go up from 1200 crores to even 2000 crores, but a large part of it is non-recourse and we are not the full share holders, so we have to look at the corresponding sharing ratio. The Srinagar-Banihal is the one where we have got 74%, so substantial equity, the other two are joint control 50:50 kind of equity.

Mr. Sunil Kumar:

Okay, so in our standalone balance sheet the debt will largely be stable, but mainly in BOTs it will go up?

Mr. Goutham Reddy:

Yes, in the standalone it will be stable meaning it will be proportionate to the growth that we will achieve, it won't be disproportionate, but on the consolidate basis we can expect it to go up because the two large projects a large part of execution we expect in the next three quarters.

Mr. Sunil Kumar:

Okay sure. And the last one is sir, from our IPO money how much is left right now?

Mr. Goutham Reddy:

24 crores of it is left out and the account on which it is left out is the equipment purchase, though we have added about 180-200 crores of moving assets, the equipment financing is a fairly decent option, so full money has not been utilized, part of it is lying unutilized, it is only 24 crores, 175 crores has been applied to working capital, so immediately hit the CC limits, 25 crores of repayment of loans has immediately hit bank account, general corporate purposes money has been used, and 24 crores in capital equipment purchase is what is lying in the fixed deposit, hopefully in the second quarter we should utilize that money.

Mr. Sunil Kumar:

Okay. Right sir. Thank you so much.

Mr. Goutham Reddy:

Thank you very much.

Operator:

Thank you.

Next question we have Mr. Jaspreet Singh from Anand Rathi. You may go ahead please.

Mr. Jaspreet Singh:

Hi sir, good morning. Just wanted to confirm you mentioned the captive projects is this the 4200 crores of road projects all the BOT related projects from the EPC section?

Mr. Goutham Reddy:

You are right, but not all of it, there are also a couple of road projects that we are doing purely on EPC. We are doing for example the Moradabad-Bareilly road is being executed by us. We are doing a Patna bypass road, so a couple of roads, two-three roads and small roads which we are doing on EPC, so not all of the 4200 I indicated is actually the

Mr. Jaspreet Singh:

So how much is....

Mr. Goutham Reddy:

...talking about 2700 crores of these road projects is represented by the BOT projects, balance is cash EPC projects.

Mr. Jaspreet Singh:

Sorry, you mentioned 2700?

Mr. Goutham Reddy:

2700 of the road projects are coming from our own subsidiaries.

Mr. Jaspreet Singh:

Okay, and the 14 BOTs that we have are all road BOTs, right?

Mr. Goutham Reddy:

No, five are road, five are industrial parks, three are integrated townships, one transport terminal.

Mr. Jaspreet Singh:

Okay, and sir you mentioned this figure of 6100 crores of inflows in last financial year, right?

Mr. Goutham Reddy:

Correct.

Mr. Jaspreet Singh:

How much of that was through our own captive BOT projects?

Mr. Goutham Reddy:

No, it is a combination of third party and the BOT projects, so both put together.

Mr. Jaspreet Singh:

Sure, so how much was that non-captive project from outside parties?

Mr. Goutham Reddy:

I think we have received about 3300 crores from third parties and 2800 crores from the subsidiaries.

Mr. Jaspreet Singh:

Sure, and I was just trying to get a sense of the kind of inflows that are there in the industry, so what is your sense of the order inflows going forward, I mean how is the order scenario shaping up?

Mr. Goutham Reddy:

It is still quite robust from the fact that there has been quite a lull in the road BOT allotment for the last 6-7 months, probably attributable to some change in ministerial helm of affairs, but it surely is going to open up, quite a few RFPs are on the cards, we expect Q2 and Q3 to be a fairly decent order inflow time in terms of the road sector. Other sectors are quite normal, we are continuing to get order inflow in line with the industry.

Mr. Jaspreet Singh:

Okay, sorry I was not aware of the situation in Ramky, what is our exposure to the state of AP and what is the ground reality with regards to both order inflows and the execution part?

Mr. Goutham Reddy:

Of the 11,000 crores our exposure to AP is about 3100 crores, of which about 1200 crores is from our own subsidiary which is the Narketpally-Addanki road, and we have another 300 crores of exposure coming from the JICA funded outer ring road project. So, about 1500-1600 crores of our exposure within AP is either directly our own or external agent, the remaining 1500-1600 crores is attributable is different state government programs part of which also is included in the irrigation, the order book of about 1500 crores in irrigation sector, I indicated about 1000 crores is attributable to the AP, and that is honestly a little slow moving order book.

Mr. Jaspreet Singh:

Okay, so it is basically the irrigation which is more on the slow part rather than the water side.

Mr. Goutham Reddy:

And all of the 1500 is not AP, it is only about 1100 which is attributable to AP, we have some order book coming from Kerala and Gujarat also.

Mr. Jaspreet Singh:

Sure, so what is our level of execution now versus say about 2 years back and what is the kind of receivables cycle over there?

Mr. Goutham Reddy:

Receivables have actually come down to practically negligible, primarily because the speed at which the work execution has almost come down to very nominal levels, we are probably at about 10-15% in speed of execution compared to 2 years back, but because the speed has come down receivables have come down to substantially negligible.

Mr. Jaspreet Singh:

Okay, but have the receivable in terms of number of days actually you know improved?

Mr. Goutham Reddy:

Irrigation is actually not contributing anything to the receivable position.

Mr. Jaspreet Singh:

Sure, just on the ..., I know it is not contributing, but just from you know getting the payments on let us we were getting on 60 days earlier, are we back to those times or we are still on the higher side on the irrigation part related to AP?

Mr. Goutham Reddy:

We are getting it back as per the original times, but there are indications to go slow on the execution, so obviously the speed at which the work is executed will be substantially slower than the past.

Mr. Jaspreet Singh:

Sure, got it sir. Just one last thing on the inflow thing, what is your you know do we give guidance on the revenue and the order inflows part for the current financial year?

Mr. Goutham Reddy:

Not really, but I can confidently tell you that the performance, the order book, the current progress and the situation clearly provide a signal which is gonna be robust and in my view it will be comparable or better than the industry performance.

Mr. Jaspreet Singh:

Alright sir, any view on the margin front, any pressures you are facing or most of our order book is.....

Mr. Goutham Reddy:

There is no margin pressure, you can expect actually a certain expansion of the EBIDTA margin in fact it won't come down at all, primarily because we have added 200 crores worth of assets which means we will have to put our assets to work and subcontracting component will come down. So, EBIDTA will go up, PAT is likely to move up very marginally, whereas EBIDTA is likely to go up slightly better than the PAT because we are gonna have depreciation higher than the past because of the 200 crores of assets that have got added. So, you can expect EBIDTA margins to move between 11.5 – 12.5 range compared to the 10.5 – 11.5 range in the past, and PAT margins will possibly continue in the same range except if material prices change we can expect it to move between 5.6 and 6, anywhere in that range you can expect the PAT margins.

Mr. Jaspreet Singh:

Alright, thanks a lot sir for your time.

Mr. Goutham Reddy:

Thank you.

Operator:

Thank you. Next question we have Mr. Harish Venkateshwara from Nomura. You may go ahead please.

Mr. Harish Venkateshwara:

Good morning sir and thank you for taking my questions. I just had a question on the road BOT status, what is the status of the three road projects?

Mr. Goutham Reddy:

All the three road projects financial closure has been achieved, work has commenced, and work is in fairly decent progress I must say right now.

Mr. Harish Venkateshwara:

I mean you have got the appointed date from NHA on all the three projects?

Mr. Goutham Reddy:

Yes, we have got the appointed date on all the three projects.

Mr. Harish Venkateshwara:

Okay, and can you let us know what is the status in terms of completion percentage in all the three projects?

Mr. Goutham Reddy:

In terms of percentage completion they are all in very early stages, you can expect each of them to be approximately about 8-10% range.

Mr. Harish Venkateshwara:

Okay. Also, you were mentioning something about a power plant, captive power plant, any update on that?

Mr. Goutham Reddy:

Captive power plants are predominantly to do with our industrial park, what we have looked at is within our own about 5000 acres that we are going to develop as industrial park the power consumption is expected to reach about 500 megawatt in the next 5 years to come, and an important thing probably would be to differentiate us between the other industrial parks is if you are able to provide them uninterrupted power supply, we will be able to create a huge differentiator from other industrial parks. To achieve that we have contemplated putting up these captive power plants which will be ramped up between FY13 to FY15 starting from about 200 megawatt and reaching up to 500 megawatt over a period of 5 years is the thought, we are looking at putting up largely wherever possible gas based power plant, but if required we might even look at the other thermal option, but predominantly the course will be the gas based, we are contemplating to invest these more for a captive power outlook.

Mr. Harish Venkateshwara:

Right, so as of now I mean it is still in the planning stage.

Mr. Goutham Reddy:

Yes, it is largely in the planning stage. They have got the permission for the Vizag pharma city which is already in operational part, we have got CFP the consent and environment clearance for about 100 megawatt of power plant we have got the permission. So, that might be the 100 megawatt power plant in Vizag will be the first project that we will take up and hopefully towards end of this year we should see some initiation on execution of this project.

Mr. Harish Venkateshwara:

Okay. And sir on this loans and advances, that has also increased compared to last year. So, is it mainly to the subsidiaries that these loans have gone?

Mr. Goutham Reddy:

No, loans and advances are predominantly in line with the normal.....

Mr. Harish Venkateshwara:

Hello?

Operator:

Sir, somebody has switched on the music on hold, I'll just check.

Mr. Harish Venkateshwara:

Hello?

Mr. Goutham Reddy:

I am sorry, I got disconnected. Mr. Harish, in regards the loans and advances there has been one you know we had about 380 crores in the last year which should ideally have been about 520 crores, the balance like you rightly said is on account of subsidiaries.

Mr. Harish Venkateshwara:

I would like to know how much is invested in subsidiaries, I mean as equity and as advances till date?

Mr. Goutham Reddy:

As equity if you look at our investments have gone up from 60 crores to 214 crores, that is about a 150 crores investment, and dues from subsidiaries has gone up from 55 to 145 crores, that is about a 90 crores increase in the loans and advances.

Mr. Harish Venkateshwara:

Okay sir, 245 plus 145 is the total investment as on date in subsidiaries as equity or loans?

Mr. Goutham Reddy:

Yes.

Mr. Harish Venkateshwara:

And you were saying there is 150 crores extra commitment in FY12, and this you will not have to put in any cash, because this will be adjusted against the working capital, because you said was 200 crores.

Mr. Goutham Reddy:

Correct.

Mr. Harish Venkateshwara:

Okay, so there would be no further cash outflow as such, it might be just a shift from working capital to investments?

Mr. Goutham Reddy:

You are correct.

Mr. Harish Venkateshwara:

And beyond that what is the equity commitment, after FY12?

Mr. Goutham Reddy:

Another 120 crores of commitments will be there in the FY13.

Mr. Harish Venkateshwara:

Okay, this is for current projects?

Mr. Goutham Reddy:

Current projects.

Mr. Harish Venkateshwara:

Okay, that is it from my side sir. Thank you.

Mr. Goutham Reddy:

Thank you very much.

Operator:

Thank you. Next question we have Mr. Pranav Gokhale from Religare. You may go ahead please.

Mr. Pranav Gokhale:

Good morning sir. Sir, congrats on good set of numbers. I have just a couple of questions; one is you spoke about your debtors being increasing because draw down has not been as per your liking, could you just stress upon what has exactly happened, is it related to a particular project, have we gone ahead and executed the projects before the financial closure, could you just highlight the reasons as to why this has happened?

Mr. Goutham Reddy:

Yes, we have primarily executed projects slightly ahead of financial closure primarily because the certainty to financial closure to us was very visible, we had adequate comfort from some of the bankers but the documentation process and the approval from NHAI and other things do take certain amount of time before signing of the document. To take advantage of the 3-4 month summer cycle which you know during monsoon naturally there will be some slow down in the progress of work, we thought we should take advantage of the 4-5 months, so between January till now we have actually taken a little aggression to put in our working capital and execute the projects. The financial closures have all been achieved subsequently and the draw down we are ready for draw down and hopefully as I said in the next week or two weeks we should complete the draw down.

Mr. Pranav Gokhale:

Okay, so can you highlight when these projects will financially close, may be Narketpally-Addanki and Srinagar-Banihal? These are your large projects, right sir?

Mr. Goutham Reddy:

Yes, 30th March is when we closed the Srinagar-Banihal road, and Narketpally-Addanki is also closed during first week of April, I can share the exact date may be later.

Mr. Pranav Gokhale:

That is okay, I wanted the time line actually.

Mr. Goutham Reddy:

Approximately April.

Mr. Pranav Gokhale:

So, after the project is financially closed you have documented what stops us from releasing the payment now or in terms of draw down?

Mr. Goutham Reddy:

No, there is nothing, now we are absolutely going to draw down. We were just internally between the SPV and the company we are formalizing all of the documentation, and as I said we should have been drawing down right now.

Mr. Pranav Gokhale:

Okay, the second question is on your inter-segment revenues or the revenues which essentially flow from your own contracts is there a policy which doesn't eliminate any particular revenue and EBIDTA in the consolidated segments or what is the stated policy?

Mr. Goutham Reddy:

We are adopting the SCA method of accounting which is basically the IFRS method of accounting, but it basically takes care of the cash flow situation on a concurrent basis rather than on a recurrent basis which is what the IFRS recommend and it is in line with most appropriate service concession agreement methodology.

Mr. Pranav Gokhale:

Right, so basically there is no inter-segment elimination, basically what sits in the fixed assets in terms of your assets basically are your revenue and construction revenue which is in the standalone entity, right sir?

Mr. Goutham Reddy:

To a large extent right, but to partial extent yes certain eliminations also do happen. What happens in this is basically you recognize the project as a concurrent project, which means during execution period and during operation period the same IRR is reflected. So, if the project has an IRR of 16% that 16% of profit continues to be recognized both during the construction period and the operation period. So, instead of becoming a recurrent project which is post operation of the project you start recognizing profit you recognize it even during the construction period, and that is permitted.

Mr. Pranav Gokhale:

Right sir, now just in terms of the margin, since a large portion will now be your own projects, is there a significant differential between the EBIDTA margins realized on the own construction projects versus the outside or third party projects?

Mr. Goutham Reddy:

#1, it is not large as I was telling you it translates to about 30% coming from the subsidiaries or own BOT projects and that is not very large, and not that there is a huge differential between the EBIDTA of own projects and third party, they are pretty similar, if you look at our standalone profits are about 158 crores and our consolidated profits are about 206 crores, which is in line with our historical thought that we want to increase the developer portfolio from 9% when we started off focusing on the developer business to move up to 40%, and current year we have reached about 24-25%.

Mr. Pranav Gokhale:

Right sir, the question was on the own construction projects, the construction margin is what I was actually looking for?

Mr. Goutham Reddy:

No, there is no significant difference between the subsidiary margins and the third party EPC margins.

Mr. Pranav Gokhale:

Okay, so the margins are more or less in line.

Mr. Goutham Reddy:

More or less.

Mr. Pranav Gokhale:

Okay, and the question is just touch upon the loans and advances at the consolidated level, now that will eliminate the company level or loans and advances to subsidiaries, right sir?

Mr. Goutham Reddy:

Sorry, I didn't get.....

Mr. Pranav Gokhale:

If I look at your consolidated loans and advance numbers that will eliminate your loans and advance to subsidiaries.

Mr. Goutham Reddy:

We have reflected 144 crores loans and advances including to the subsidiaries.

Mr. Pranav Gokhale:

So, you are saying in this loans and advances, at the consolidated financial levels when you give loans and advance to a subsidiary they are not eliminated in the consolidated financial statement or balance sheet?

Mr. Goutham Reddy:

No, they are not eliminated.

Mr. Pranav Gokhale:

Okay, so if I even leave out that 150 odd crores from the increase of 500 crores, could you please again help me with the balance number? See, this 550 odd amount has gone to 1039 odd, you have pointed out 150 odd crores being additional advance to subsidiaries, could you help me what balance 300-400 crores loans and advances is?

Mr. Goutham Reddy:

Basically, 380 crores has moved up to 680 crores in loans and advances; primarily 150 crores is coming from subsidiaries, we have got about 370 crores receivable in cash from third parties including EMD, there is an earnest money deposit receivable, share application money pending allotment is about 60 crores, and advance tax of 48 crores. Largely these are the components which add up to the 680 crores.

Mr. Pranav Gokhale:

Sir, I have the number which talks about on a consolidated basis when you released your balance sheet number which is the statement 5, statement of assets and liabilities, the serial number D which talks about loans and advances has a number of in lakhs 103944, which comes to 1039.44 crores number. Now is that something which is different from what you have spoken about in terms of 650 crores?

Mr. Goutham Reddy:

I have just told you about the standalone....

Mr. Pranav Gokhale:

No, my question was on consolidated basis.

Mr. Goutham Reddy:

On a consolidated basis it is 1030 crores.

Mr. Pranav Gokhale:

1039 crores, now that....

Mr. Goutham Reddy:

1030.69 crores.

Mr. Pranav Gokhale:

Okay, does that eliminate, again my question is does that, you said you do not eliminate loans and advances to subsidiaries on a consolidated basis, right? Am I looking at a different number than what you are looking at sir?

Mr. Goutham Reddy:

May be why don't I come back to you, I think somewhere I am missing the point, why don't I come back to you on this separately, because I am clear on the question right now, we can discuss this off line if required.

Mr. Pranav Gokhale:

Sure. The last question is you had earlier bid for certain projects for building schools in Rajasthan, now is this a one off or will you look at these kind of owning schools and you know more of a BOT kind of projects when it comes to schools?

Mr. Goutham Reddy:

No, that is more of one off where we actually submitted an expression of interest primarily as a CSR activity and not something that we will regularly look at.

Mr. Pranav Gokhale:

Okay, so it will not be more of a regular income stream as any other infra project which you have.

Mr. Goutham Reddy:

No.

Mr. Pranav Gokhale:

Okay, and what is the status of that project now?

Mr. Goutham Reddy:

I don't think there is any progress on the project, it is almost about one year old since we have filed it and there is no progress on that. I think government also is not progressing on that project.

Mr. Pranav Gokhale:

Sure, and last, what could be the capex guidance in terms of the next couple of years when it comes to building in fixed assets at the standalone for the construction?

Mr. Goutham Reddy:

We expect to add another 60 crores of assets in the current year, and probably another 40 crores of assets in the following year, total 100 crores capex could be there, within this we would have utilized 24 crores which is there in the fixed deposit.

Mr. Pranav Gokhale:

Okay, and sir the last question, when a SPV gives the order to the EPC arm, is there a variability when it comes to the raw material pricing or these are fixed orders?

Mr. Goutham Reddy:

The NHAI mandates that the order has to be critical size, and in line with that it is a fixed price contract, nevertheless the contract itself contemplates the three main materials – cement, steel and tar, to be protected.

Mr. Pranav Gokhale:

So, the variability in the pricing will be affected at the standalone EPC level. The risk is on the construction arm to manage the pricing of these raw materials.

Mr. Goutham Reddy:

The costing is inbuilt with the explanation.

Mr. Pranav Gokhale:

Okay, fine, sure. Thank you sir, thanks a lot, and all the best.

Mr. Goutham Reddy:

Thank you.

Operator:

Thank you. Next question we have Ms. Pooja from Motilal. You may go ahead please.

Ms. Pooja:

Hi sir. My question is on the three BOT projects, can I have a equity break up, how much we have spent I mean put in in FY11 and what we are going to put in in FY12, a break up for all the three projects.

Mr. Goutham Reddy:

You are saying you wanted project by project break up?

Ms. Pooja:

Yes, for all the three BOT projects which we had discussed.

Mr. Goutham Reddy:

Well, I have to come back on that, but the total equity that we have invested is about 140 crores.

Ms. Pooja:

That was in FY11 we have invested.

Mr. Goutham Reddy:

Yes.

Ms. Pooja:

Okay, and the balance 150 crores which you are saying would be invested in FY12.

Mr. Goutham Reddy:

FY12, but this 150 crores as I said has already been invested in the form of working capital, so from a cash flow perspective I don't see any cash flow coming out, because working capital will come back and get reinfused as capital.

Ms. Pooja:

Okay, fine sir. And sir, I actually wanted a little revenue reconciliation in terms of our developer business, when we say we have a revenue of almost 520 crores in our developer segment, so if you can broadly give me it is coming from which all subsidiaries like Ramky Pharma and Real Estate?

Mr. Goutham Reddy:

Ramky Pharma City, Ramky Towers....

Ms. Pooja:

And what is the quantum of it?

Mr. Goutham Reddy:

.... in Gabon, exit fee in Dubai which has a large project going on in Gabon, these are the three large projects which are approximately contributing 100 crores revenue each, I mean exact numbers is I think 109, 106, and 117 have been contributed, the remaining 200 crores is coming from the Ramky Enclave which is a residential project in Warangal, and the road project through the SCA revenue recognition, the other road projects are contributing for the balance, but currently year large component is coming from Pharma City, Ramky Towers, and the Middle East operation. Middle East is 117, Ramky Towers is about 106 or 110, and Pharma City is about 100 crores.

Ms. Pooja:

Fine sir. And similarly on the debt front if I can get the break up in terms of the subsidiaries, Ramky Pharma and all?

Mr. Goutham Reddy:

If you look at my consolidated debt we are about 1200 crores debt, which is about 500 crores higher than the standalone, our standalone debt is about 650 crores, our consolidated debt is about 1200 crores, the 550 crores is coming from the SPVs, largely attributable to the outer ring project which has got about 220-230 crores of debt. Ramky Towers which has got about 50-60 crores of debt, Pharma city which has got about 20-30 crores of debt, and the others must be coming from the road projects.

Ms. Pooja:

Okay, fine. Thank you sir.

Operator:

Thank you. Next question we have Mr. Navin Jain from India Bulls Securities. You may go ahead please.

Mr. Navin Jain:

Good morning sir.

Mr. Goutham Reddy:

Good morning.

Mr. Navin Jain:

Sir, my first question is on your core construction business, you seem to be doing very well as compared to most of your peers in the last 2-3 years, you know most of your peers are actually struggling. So, just wanted to get a sense you know what different are we doing and what really is our competitive strength that we are doing so well in recent times?

Mr. Goutham Reddy:

Well, thanks for the compliments, so I take it very positively, but I think some of the key differentiators if you look at we are focusing on fewer projects, we are focusing on sectoral and geographical diversification, we are focusing on enhancing working capital cycle. These are the factors that are giving us better results than the others. An example you can look at about 7-8 years back we remember our company was a predominantly south based company, today our entire south portfolio is less than 35%, and our revenue also is less than 30% coming from the south and equally distributed among the regions.

Sectorially also there was a time when all of the revenue was coming from water waste and water, current year our water waste and water contributes only 30%, roads contributing 28%, building contributing 20%, like this fairly good sectorial diversification, geographical diversification, focus on working capital, increasing the size of the project – 2006 our average size was 13 crores whereas now it is about 120 crores, which has grown about eight and half times as against revenue which has gone up six times. So, that is giving us a lot more ability and efficiency to focus on fewer projects resulting in better margins.

Mr. Navin Jain:

Okay, so essentially diversification is the key thing you are saying.

Mr. Goutham Reddy:

Diversification and working capital management I think are the two key factors that are helping us.

Mr. Navin Jain:

Sure. Sir, another question was on your Pharma City project, you know, I actually missed the initial part probably, what was the incremental sales that you did in FY11 in that project?

Mr. Goutham Reddy:

I think sales of about 70 acres contributing to about most of the revenue in the last year, however, I must tell you in Pharma City also we follow a percentage of completion method of revenue recognition; however, the project was substantially completed by last year, so most of the sales that we had done prior to last year a large part of which was recognized until last year barring a little, may be we were 80% complete last year, we are 90% complete this year. So, the incremental 10% of the previous sales up to FY10, plus 90% of the sales done in FY11 is recognized in FY11, which has contributed to about 80 crores of revenue coming from the sale of land, but I must also tell you we have got a recurring revenue, which is an O&M revenue which has started to ramp up 25 crores of this 100 crores in the current year has come from O&M revenue, and which is with only 14-15% land occupancy at the Pharma City and only 7-8% operational occupancy with the Pharma City. Going forward basis in about 4-5 years, we expect the O&M revenue of Pharma City alone to reach about 200 crores.

Mr. Navin Jain:

Okay, and what is the kind of cost that you incur or you expect to incur against 200 crores of O&M revenues that you would probably collect?

Mr. Goutham Reddy:

I must say we have a fairly decent contract which gives us a costless model of profitability on the project. Our basic structure is cost plus 16%, so we can expect the PBT to be about 16% on the project, EBIDTA may be I must put it that way, EBIDTA to be about 16%.

Mr. Navin Jain:

Okay. So, basically the 70 acres was mostly in SEZ or non-SEZ?

Mr. Goutham Reddy:

56 acres was in SEZ and balance was in non-SEZ.

Mr. Navin Jain:

Okay, and this is what you basically saying that 56 acres average realization was around 1.2 crores.

Mr. Goutham Reddy:

Correct, but in terms of revenue recognition only 90% of that gets recognized, because we follow the percentage of completion method of accounting.

Mr. Navin Jain:

Okay, so some basic infrastructure work that you would be doing depending upon that work percentage completion will come....

Mr. Goutham Reddy:

Yes, basically there are some completion components like there is an expansion component to the effluent treatment plant, because the capacity is not fully build because the occupancy is not full. So, couple of components which are not fully done have another 10% of the project cost to be executed, so that part of revenue is not recognized from all of the past sales and the current sale.

Mr. Navin Jain:

Okay, and sir immediately it is 25 crores of O&M revenue, how are you looking at the scale up say in FY12-13?

Mr. Goutham Reddy:

It will be very gradual ramp up, it won't move up overnight, but what I can tell you is as of March FY11 there were about 15 operating units, currently there are another 25 under construction, so by end of this year I guess we will see about 35 operating units at least inside the Pharma City, and ultimately we are expecting to see about 110 probably by FY14-15 we expect full occupancy in the park.

Mr. Navin Jain:

Okay, these are all basically pharma companies.

Mr. Goutham Reddy:

All of it is bulk drug and pharmaceutical companies.

Mr. Navin Jain:

Okay, but you have about 300 acres which is left to be sold out of this project, so that you are expecting to do in this year itself, I mean the way.....

Mr. Goutham Reddy:

A part of it this year and a part of it next year, FY13 will be I thin the close of capital value of the property.

Mr. Navin Jain:

FY13, okay, but you know in recent times have you seen the demand come down because of all the SEZ benefits going I mean some changes being made in the tax benefit for SEZ?

Mr. Goutham Reddy:

If you realize SEZ has not been the driver for our business at all, in fact our total park of 2200 acres only 600 acres was SEZ, 1500 is DTA because we went not on the concept of tax benefits but we went on the concept of hassle free manufacturing, a complete infrastructure solution to manufacturing has been our concept which in itself was a grand success.

Mr. Navin Jain:

Okay, got it. Thank you. On your tax part basically in standalone business, again I think you know some 80(i)(a) benefit you probably have taken in this year, could you please quantify that amount for the year?

Mr. Goutham Reddy:

Net-net as on today the 80(i)(a) in case of negative response liability is in the order of about 62 crores.

Mr. Navin Jain:

Total?

Mr. Goutham Reddy:

Total.

Mr. Navin Jain:

And how much of that would be for the current year, FY11 that is?

Mr. Goutham Reddy:

As of 31st March FY11 probably the current year contributes to about 14 crores of this, exact number I may be giving you a very ballpark figure, but 14 crores may be coming from the current year and about 48 crores may be coming from the previous years number, but let me also make a point all of it is funded, there is no cash outgo because we have all been being TDS which is there with the department.

Mr. Navin Jain:

Right, so they would reflect in advance payment of taxes in your loans and advances?

Mr. Goutham Reddy:

They would.

Mr. Navin Jain:

Okay, so there would not be any cash flow impact, that is what you are saying.

Mr. Goutham Reddy:

Marginal, there may be a few months of marginal amount that may be there but nothing significant.

Mr. Navin Jain:

Sure, thanks a lot sir and all the best.

Mr. Goutham Reddy:

Thank you.

Operator:

Thank you. Next question we have Mr. C A Manish from Blue Chip. You may go ahead please.

Mr. C. A. Manish:

Hello. Good morning sir.

Mr. Goutham Reddy:

Good morning.

Mr. C. A. Manish:

Sir, could you provide me with the order book break up, I am so sorry I joined the call a little later.

Mr. Goutham Reddy:

That is fine. We have got a 11,000 crores order book – 1900 building, 2150 water waste and water, 4100 roads, 620 industrial construction, 620 power transmission, 1500 irrigation projects,

Mr. C. A. Manish:

Sir, building would be?

Mr. Goutham Reddy:

1900.

Mr. C. A. Manish:

And sir water and waste management?

Mr. Goutham Reddy:

2150.

Mr. C. A. Manish:

Okay, and sir capex for FY12 would be 60 crores, is that correct?

Mr. Goutham Reddy:

Capex for FY12 will be 60 crores, yes.

Mr. C. A. Manish:

And consequently for FY13 would be 40?

Mr. Goutham Reddy:

40 crores, of course to more orders being won, these are dynamic.

Mr. C. A. Manish:

And sir currently I mean what kind of BOT projects we are currently bidding for at this juncture?

Mr. Goutham Reddy:

We are continuing to be bullish on the industrial parks and the roads, so we are going to bid for both of these projects. Transport terminal also is going to continue to be our focus, so we are going to bidding for transport terminals. And hopefully the power transmission and distribution which are coming up, strengthening of our power transmission and infrastructure. These are the areas we will focus. Water waste and water is also emerging.

Mr. C. A. Manish:

Power transmission and water waste water. Sir, I believe we have achieved financial closure for three BOT projects, so could you provide me the details of those three BOT projects we have already achieved the financial closure for?

Mr. Goutham Reddy:

We have got Srinagar-Banihal road, which is about a 1440 crores project, and Narketpally-Addanki-Medarametla road which is 1060 crores, and Jorhat-Shillong project which is approximately about 800 crores road project. The Narketpally-Addanki and Jorhat-Shillong we

are a 50:50 joint venture with ITML and Srinagar-Banihal we are a 74% equity with 26 with JTEG. All the three projects financial closure has been achieved.

Mr. C. A. Manish:

Okay. And sir what kind of traction are we I mean could we foresee at this point going forward in the water and waste management business?

Mr. Goutham Reddy:

We believe water and waste water is going to be quite a aggressive sector, but unlike the NHAI sector the departments and the concessionaires have not made robust systems and processes, so we can expect a certain amount of loosely structured tenders coming in the initial next 6 months to one year, but over a period of 2 years we expect this sector to strengthen very well. So, initial stages you can hear a few hiccups in the way the project is structured and all, but we will have to participate, be there, be ahead of the curve, so we will continue to be participating in these tenders while continue to believe that they could be not robust at this stage.

Mr. C. A. Manish:

Okay, so I mean we are little apprehensive right now, but going forward we see immense opportunity sort of emerging in, right?

Mr. Goutham Reddy:

Yes, absolutely correct.

Mr. C. A. Manish:

Alright, sir any guidance on the margin front for FY12?

Mr. Goutham Reddy:

Yes, I was indicating that we can expect the EBIDTA margin to be gradually going up because we have added 200 crores of assets, so the depreciation itself will start contributing to certain expansion in the EBIDTA margin, and because the subcontracting component will come down because we have to deploy our own equipment, the direct execution will go up, and we can expect the EBIDTA margins to be moving upwards and inching towards 11.5 to 12 kind of ranges, and the PAT margin inching towards 5.6 to 6% range is what we can expect subject of course to material prices and lot of things in the industry which will continue to be there.

Mr. C. A. Manish:

Okay. Sir, one last question would be given the fact that you know I mean there are so many costs which is substantially going up in the entire infrastructure industry whatsoever, I mean any company we pick I mean each and every element of the income statement, I mean the cost is going up some 60%, some 50% interest cost is going up, depreciation is going up, or other host of costs that are going up, so I mean when exactly can we see some stability going forward I mean in terms of scrutinizing these costs which is actually denting the entire sentiments so far as infrastructure industry is concerned.

Mr. Goutham Reddy:

My view actually is slightly different than what you said, as you would have seen we have not seen any dent in our either order book, revenue, profitability or EBIDTA margins over the last 4-5 years and we actually....

Mr. C. A. Manish:

No sir, I am talking in a by and large manner, I am talking about the infrastructure industry as a whole.

Mr. Goutham Reddy:

If you look at the EPC business per se, EPC business per se is not very sensitive to interest rates, if you look at my total interest in the EPC business any year is not more than 2-2.25% of my gross revenue, and any change in interest rates will impact it by about 0.1-0.2% on the PAT margin level, it doesn't impact beyond that. So, it is not a greatly sensitive thing so far as my EPC business is concerned. Second major item which impacts my overall growth is the material prices. Yes there was a time about 4-5 years back when material prices used to affect the profitability significantly because most of the contracts used to come as fixed price contracts, currently a substantial number of contracts are actually variable price contracts where the key commodities are protected. So, we honestly see a lot more stability in the industry right now in terms of EPC. In terms of BOT, yes there will be impact I really don't know if interest rate because it is very specific to interest rate finance cost, the large part of my capital is in loan form and there is an interest and depreciation which is attributing, but being long gestation projects short term may not affect them very significantly and we don't believe that these interest rates will continue very long in this fashion.

Mr. C. A. Manish:

So sir, on a consolidated level interest expenses have shot up by say 29%, so you would attribute it to the BOT project factor in all these costs I mean as far as interest expenses is concerned?

Mr. Goutham Reddy:

Yes all of it is to BOT projects, but if you look at 29% interest growth is against a 62% PAT growth, you know there is growth overall and that is what is attributing to the absolute number growth, it is not disproportionate and we don't believe it to become a major hurdle in the short term at least, because we are not a capital intensive business nor are we a working capital intensive business, there is only a little bit of working capital intenseness while manageable levels.

Mr. C. A. Manish:

Sir, what has been the working capital requirement for say FY12?

Mr. Goutham Reddy:

We perceive on a standalone basis we might end between 750 and 800 crores at the end of the year.

Mr. C. A. Manish:

750 to 800 crores on a standalone basis.

Mr. Goutham Reddy:

On a standalone basis.

Mr. C. A. Manish:

And sir consolidated?

Mr. Goutham Reddy:

We haven't really pegged that number, but we expect it to inch towards the 2000 mark.

Mr. C. A. Manish:

Sir, come again sir.

Mr. Goutham Reddy:

2000 crores is the expectation, not very firm on this, I can come back to you later.

Mr. C. A. Manish:

It is an estimated figure.

Mr. Goutham Reddy:

It is estimated, could get close to about 2000 crores.

Mr. C. A. Manish:

Okay, alright sir. That is it from my side. Thank you.

Operator:

Thank you. Next question we have Mr. Priyakant Dave from Sharekhan. You may go ahead please.

Ms. Sneha:

Hello. Sir, this is Sneha from Sharekhan. Sir, my question is with regards to your township projects, I mean what is the kind of strategy would we be following going ahead, will it like continue to be the asset light model or like you know we might venture into I mean like we might consider buying land going ahead also?

Mr. Goutham Reddy:

We don't buy land, we don't do real estate, so these are more PPP projects that the government has come up for augmenting the housing shortage and we have gone in and I don't think we will be doing a large number of real estate projects.

Ms. Sneha:

Okay, and sir the average construction cost which you have mentioned, that includes the revenue share to the government or that is over and above this?

Mr. Goutham Reddy:

It includes land cost, construction cost, admin and it is a total cost.

Ms. Sneha:

Okay, and sir what is the update on the other industrial parks, I mean you just mentioned about the Pharma City, what is the status of other 8-9 other industrial parks?

Mr. Goutham Reddy:

No, there are four other industrial parks, three of them in Chattisgarh and one in Maharashtra. The land acquisition (in all the three) government has completed, they have assured us handing over of the land in the second quarter, so hopefully by end of second quarter three of the park land should have been in possession and we should have started execution or planning on those projects.

Ms. Sneha:

Okay, and sir apart from this I mean like we would be identifying more such industrial parks or it would be like I mean like we would put a halt to it?

Mr. Goutham Reddy:

We will expand significantly on the industrial parks, we are quite confident and bullish on the sector. We have already started identifying two parks, one outside of Hyderabad about a 1000 acre park we have started working on land acquisition on that, and we are looking at a food park in Karnataka, both these projects are in reasonably good progress right now.

Ms. Sneha:

Okay, so apart from Pharma City what would be our investment in the rest of the three industrial parks that we have?

Mr. Goutham Reddy:

Yes we have made about 20 crores of investments between the four parks, we have one in Maharashtra which is Latur and three in Chattisgarh. The number, I mean I will give you ballpark but it will be in the range of about 20 crores.**Ms. Sneha:**

Okay, and sir what would it be in FY12?

Mr. Goutham Reddy:

FY12 we are expecting the Hyderabad industrial park to be moving fairly fast and also in terms of the three industrial parks in Chattisgarh, so we expect close to about 70-80 crores of investment might be required between 2012 and 2013, I am expecting 30-40 crores in current year and another 30-40 crores in the following year.

Ms. Sneha:

Okay, so sir that would be like our total I mean so what is the total equity commitment?

Mr. Goutham Reddy:

The total equity commitment will be 80 crores, which will be completed in the next 2 years.

Ms. Sneha:

Okay, fine sir. Thanks a lot.

Operator:

Thank you. At this time, there are no further questions from the participants, I would like to hand the floor back to Mr. Rajarshi Maitra for final remarks. Over to you, sir.

Mr. Rajarshi Maitra:

I would like to take this opportunity to thank Mr. Reddy, Mr. Nagaraja and Mr. Garg for taking time out for this conference call. Thank you sir.

Mr. Goutham Reddy:

Thank you Rajarshi, it has been a pleasure, thanks for being a good host.

Mr. Rajarshi Maitra:

Thank you sir.

Operator:

Thank you sir. That does concludes our conference for today. Thank you for participating on Reliance Conference Bridge. You may all disconnect now.