



Ramky Infrastructure Limited

Q3FY13 Earnings Conference Call

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Ramky Management

MR. Y.R. NAGARAJA – M.D., RAMKY INFRASTRUCTURE LIMITED

MR. M GOUTHAM REDDY – EXECUTIVE DIRECTOR, RAMKY GROUP

Moderator : Ladies and gentlemen, good day and welcome to the Ramky Infrastructure Limited Q3 FY13 Earnings Conference Call. We have with us today, Mr. Y.R. Nagaraja – M.D. at Ramky Infrastructure Limited; and Mr. M Goutham Reddy – Executive Director at Ramky Group. As a reminder, all participants' lines will be in the listen-only mode, and 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 "*" followed by "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand over the conference to Mr. Goutham Reddy. Thank you. And over to you, sir.

M Goutham Reddy: Thank you and good evening to everyone. Before we move on to the questions, I will give a quick overview of the quarter's performance, and then we can have a question-and-answer session.

As in the past, the company continues to focus in the same areas for business, which is EPC and development of assets. In the EPC, we continue to focus on the same six large areas of EPC, including Water Waste Water, Roads, Buildings, Irrigation Projects, Industrial Construction, and Power Transmission & Distribution. In the developer Business, we are focusing on Roads, Industrial Park, Transport Terminal and Building Projects and it continues to be the same.

The standalone company is a representation of the EPC business income and expenditure and the balance sheet reflects in addition to the investments that are made into subsidiaries. And the consolidated balance sheet is a representation of EPC and development business put together. So I will quickly give an overview of the performance for the quarter.

The company's Q3 performance has been a total income of Rs. 820 crores which is very similar to the performance in the same period last year, whereas there is an increase of direct expenses by about 2%, and indirect expenses by about another 2%, which has actually had an impact on the profit after tax. The profit after tax for the current quarter stands at Rs. 10.25 crores and the current profit before tax is Rs. 15.06 crores. And as I had indicated the increase in direct cost is on account of certain material price hike in certain components and different mix of what exactly we execute in the particular period attributes to the increase in direct cost, whereas increase in indirect cost is substantially on account of the interest component rise. The interest component rise in itself is about Rs. 15.94 crores, whereas the total indirect cost increase is only Rs. 14 crores. So interest constitutes most of the increase in indirect expense. In addition to that, there is a substantial increase in depreciation also that can be noticed. And this is on account of certain change in depreciation schedule and also certain increase in fixed assets. Given the external market environment I think the quarter performance on standalone has been quite reasonable in testing times is what I would say.

Coming to the consolidated performance of the company, the quarter's performance consolidated revenue after elimination of minority interest is about Rs. 1,025 crores and profit after tax which is standing at Rs. 23.26

crores after elimination. The key contributions to the profit, of course, the standalone company is there, which was Rs. 10.25 crores. In addition to that Ramky Towers, Ramky Pharma City, Srinagar-Banihal Road, NAM Expressway, Jorabat-Shillong Road are some of the large contributors and there have been certain eliminations coming from the projects like Ramky Towers and Pharma City. After elimination, the net profit has been Rs. 28.01 crores. And after we take out the minority interest of Rs. 4.74 crores the profit after tax and minority interest stands at 23.26 crores for the quarter.

The consolidated performance, I would say, barring the standalone is very much in line with the previous quarter and last year's performance. One major change has been that the international operations haven't had the same level of revenue and profitability as some of our previous quarters. In fact, the current quarter ends up being very muted with the revenue of only Rs. 15 crores and profit being in negative at about (-2) crores for our Gabon operations. The other projects are subject to the progress of the projects, and they are being in line with the expectations.

The order book as we close the quarter ends at about Rs. 12,527 crores and this continues to be distributed sectorally and geographically. Sectorally, roads still constituting the largest share with about 42% of the share, water taking 15%, buildings 17%, irrigation 14%, power with 5% and industrial standing at 7%. The distribution of cash contracts and subsidiaries contribution; cash contracts constitute 68% and subsidiaries our own BOT projects are constituting 32%. State governments are 55%, private sector is 41% which includes 32% coming from our own subsidiaries and 2% coming from the public sector units. And in terms of regional diversification, south and north are constituting the largest chunk; south is having 39% share, north is having 27%, central is 12%, west is 9% and east is having 13% share of the order book.

The order inflow also has not been very encouraging. The current quarter new addition has only been about 90 crores, which primarily is a reflection of the level of infrastructure development that is happening which is a little bit slow in the current environment. So that very broadly is on the order book and the company's performance.

The balance sheets are exactly what you would have seen in the past. The balance sheet on a standalone basis, the net worth of the company is about Rs. 1,020 crores and the secured loans are at Rs. 1,183 crores, unsecured loans at Rs.71 crores. Put together the liabilities are Rs. 2,276 crores. Our gross block is at Rs. 524 crores with a net block of 413 crores. Investments stand at Rs. 375 crores which is an increase of about Rs. 18 crores from the previous quarter end. Gross block addition is about 6 crores increase from the previous quarter-end. The inventories are standing at Rs. 300 crores which is an increase of 10 crores. Work-in progress is Rs. 653 crores, which is an increase of about Rs. 30 crores from the previous quarter. Sundry debtors all put together we have current assets at Rs. 3,500 crores and net current assets at Rs. 1,465 crores. That is very broadly on the balance sheet side for the company.

And as I indicated, the significant changes to be noted is there is an increase in direct cost of material cost side. There is an increase in indirect cost and there is a reduction in order flows. These are the three major things. Added to this, there is a slight impact on the international operations. However, this international operation is expected to catch up because the reason for international operations being a little low in the current quarter is completion of two old projects that we were doing. One is the special economic zone and the transmission line. However, the positive side is we have already started executing the building project which is expected to catch up in the next quarters to come. So that very broadly defines the quarter's performance and I would say it has been reasonable in the testing times that we have been for the sector per se.

I let the floor open for questions and we can take it from there.

Moderator: Thank you very much sir. Participants, we will now begin with the question-and-answer session. We have the first question from the line of Sagar Parekh from Enam Holdings. Please go ahead.

Sagar Parekh: Sir, firstly, I wanted to know why our employee cost and other expenses have come down YOY?

M Goutham Reddy: As I had indicated there is a reduction in the order inflow and coupled with that we are seeing that our direct costs are going up, we need to control the expenditure at certain places. So we have started relooking at certain overhead expenses and we have started cutting down some overhead expenses there.

Sagar Parekh: So you have reduced the employee count or?

M Goutham Reddy: Yes, we have reduced the employee count by about 250 in the last 6 months or so. We used to have close to 2,700, we have cut it down to around 2,450 or so.

Sagar Parekh: And these are largely blue collared or?

M Goutham Reddy : Mostly at the corporate office, large part of it is in the corporate office but also there is certain reduction at the sites.

Sagar Parekh: And in other expenses, if you can give me the break-up or if you can share some more light on how it has come down, which are the major expense items?

M Goutham Reddy: Mostly, it is on account of travel, salary cost and rental expenses. Reduction in employee count also reduces the rental expenses. These are the three major expenses that have brought down the admin expenses.

Sagar Parekh: This should be sustainable going forward for quarter run rate?

M Goutham Reddy: Yes, we believe it is sustainable and there is scope for further reduction because we are continuing that exercise actually.

Sagar Parekh: Oh! You are still continuing the exercise of reducing...?

M Goutham Reddy: Not in large amounts but a little bit. Substantial part of it is done. So we believe it is sustainable.

Sagar Parekh: Can you give me the YTD order inflow number, nine months?

M Goutham Reddy: YTD order inflow is Rs. 954 crores.

Sagar Parekh: In the conference call of Q2 you had said that the total order inflow in YTD was Rs. 1,118 crores. In YTD it is Rs. 954 crores. So has there been some kind of order cancellation or what is it?

M Goutham Reddy: I can check back and revert on that if there is any cancellation.

Sagar Parekh: Because I have the break-up also that you have given in six months number that time. Now it is not matching. So I wanted to know, if you can give?

M Goutham Reddy: I will go through it and revert

Sagar Parekh: Can you give me the break-up in terms of what would be the revenue and PAT from Pharma City, Ramky Towers, NAM, Jorabat, etc.?

M Goutham Reddy: The revenue from Ramky Towers is Rs.26 crores and PAT is 5.01. Ramky Enclave is 3.78 crores and 0.11 crores. Pharma City is 28.28 crores and 8.89 crores. The outer ring road is 9.16 crores and 0.25 crores. Srinagar-Banihal is 76.05 crores and 5.28 crores. NAM is 72.68 crores and 4.45 crores. Jorabat-Shillong is 75.6 crores and 5.69 crores. Sehore Koshmi is 14.94 crores and 1.42 crores. These are the large ones. There are another 10-15, couple of them in losses, others at zero-zero which are not very materialistic.

Sagar Parekh: Basically if I add your standalone PAT and your subsidiaries PAT, it does not match up because...?

M Goutham Reddy: It comes to around 40 crores. There are a couple of losses. One is in the Gwalior Bypass there is a loss...

Sagar Parekh: How much is it?

M Goutham Reddy: Gwalior Bypass is (-4.8 crores) and the international operations is (-2.7 crores). That brings the total of PAT to 33.68 crores. Then there are certain eliminations because of the accounting. So the eliminations will reduce the profit by 5.67 crores and bring down the total PAT to 28.01, if you take out the minority interest that brings the PAT to 23.26 crores.

Sagar Parekh: So this elimination of 5.67 crores relates to the three road projects?

M Goutham Reddy: No, not the road projects. It is predominantly coming from Ramky Towers, Pharma City and a little bit from the NAM Expressway. These are the three main eliminations.

Sagar Parekh: In Pharma City now, how much land is still pending or it is 100% sold?

M Goutham Reddy: There is still about 100 to 150 acres pending.

Sagar Parekh: What is the plan of action over there?

M Goutham Reddy: It will be quarter-on-quarter progress. So we expect each quarter to have about 10 to 15 acres of sales.

Sagar Parekh: Sir in your Gabon, what is the order book like right now? You are just now executing one new building project, that's it, or are there any more orders?

M Goutham Reddy: In Gabon, the two large projects that we are doing, the special economic zone and the transmission line that we were doing are substantially completed; 90% - 95% completed. So the revenues from both projects have stopped coming in or reduced substantially. The new project has already come. We have already been given 850 houses to be built, but it hasn't yet ramped up to a level where the revenues are at normalized level. They are just in the mobilization kind of level and therefore the inflow is less and the overheads have impacted the profitability.

Sagar Parekh: So this is the only project that you are executing in Gabon now?

M Goutham Reddy: Currently, yes, that is the only one project.

Sagar Parekh: And any more in the pipeline?

M Goutham Reddy: Yes, there are many more in the pipeline. We are negotiating at least 5 to 6 other projects; couple of them road projects, one electrical project, one water treatment project and a few more buildings we are negotiating right now.

Sagar Parekh: That is only in Gabon or in any other international site?

M Goutham Reddy: We are evaluating other internationals but we haven't yet won any of them. In Gabon, we see some reasonable progress in some of these contracts.

Sagar Parekh: What is the order book now in Gabon?

M Goutham Reddy: Current order book in Gabon is maybe around 300-400 crores.

Sagar Parekh: Now in FY14 we should start revenues kicking in from this new building project, right?

M Goutham Reddy: Yes, surely FY14 we will have sizeable revenue from building front.

Sagar Parekh: And sir if you can also tell me about the status of the three road projects, BOT projects, how much they are completed, what is the unexecuted order book? And also with the two new projects that you have received, what is the status on that?

M Goutham Reddy: In terms of Jorabat-Shillong project we have achieved about 60% progress. Narketpally-Addanki project we have achieved about 65% progress; Srinagar-Banihal we have achieved about 17% progress. These are the three large road projects.

Sagar Parekh: Srinagar-Banihal is still moving slowly. In Q2 it was about 15%. So not much happening in Srinagar-Banihal?

M Goutham Reddy: I would tend to say yes, but it will catch up immediately after this winter season. I think from April onwards because there has been some land acquisition issues there which has all resolved right now. So we expect good progress on Srinagar-Banihal from April onwards.

Sagar Parekh: How much is the order book pending in Srinagar-Banihal now, about Rs. 280 crores?

M Goutham Reddy: No, much larger than that. Srinagar-Banihal is totally Rs. 1,175 crores contract. On which we have achieved around 200 crores. So there is close to about 970 crores of order book there.

Sagar Parekh: And in NAM?

M Goutham Reddy: In NAM there is another 430 crores of order book and in Jorabat-Shillong there is another 200 crores of order book pending.

Sagar Parekh: And what about the other two new road projects?

M Goutham Reddy: They are more in mobilization, design and basic initial stages. Both of them are about 1%. Mostly we are talking on the design and mobilization. The appointed date is still not there.

Sagar Parekh: Land acquisition, how much of it is...?

M Goutham Reddy: Agra-Etawah is surely constrained on both land acquisition and environmental permission. They are surely behind schedule whereas Hospet-Chitradurga also is behind schedule but much better than the Agra-Etawah progress. In fact, we are contemplating to approach NHAI with a default notice and notice seeking compensation on both the projects and more so on Agra-Etawah.

Sagar Parekh: You are saying that you would go the GMR way?

M Goutham Reddy: Not necessarily. We are going to ask them for compensation for the time and cost loss on Agra-Etawah.

Sagar Parekh: So Hospet should...?

M Goutham Reddy: Hospet, we believe that substantially things are in line and probably in the next month and month-and-a-half we can anticipate appointed dates. So we don't want to be so harsh on that. But Agra-Etawah our problem is that a part of this land is also part of the Taj Trapezium Corridor, and as a result of that we are now forced to believe that it won't be less than six months for them to actually complete their obligations of land acquisition and environment clearance. So we really want to keep our record clean. So we want to issue them a notice for substantial delay and default.

Sagar Parekh: So at least we can expect Hospet to start kicking in terms of execution?

M Goutham Reddy: You can expect Hospet to start in the first quarter of FY14. There is some revenue booked but mostly in the form of design and engineering right now.

Sagar Parikh: What would be the loans and advances from your working capital to subsidiaries?

M Goutham Reddy: Put together, between loans and advances and receivable it may be in the order of around 300 crores.

Sagar Parekh: No, I am asking specifically loans and advances for the subsidiaries.

M Goutham Reddy: Loans and advances specifically I may have to come back but it will be in the order of may be 70-80 crores I guess. It used to be slightly higher number. We have received certain amount from NAM

back. Actually that came back in the first quarter. As of 31st December the amount would have been higher but I will have to revert to you on this separately, Sagar.

Moderator: Thank you. We have the next question from the line of Mangesh Bhadang from Quant Broking. Please go ahead.

Mangesh Bhadang: My question is on your margins. Because even in earlier quarters we have seen direct cost pressures which has been anyway moving up gradually this year. But specifically in this quarter we have seen a big drop in margins. So what is the reason and what is the sustainable margins in the next year that you think?

M Goutham Reddy: I think one of the key challenges that the industry is facing is the material price hike in terms of direct cost. What was happening about 5-6 years back has come back. If you recollect this industry about 5 – 6 years back it used to have a huge material price pressure and almost offset by having a price protection of material price hike either through star linked pricing or index linked pricing. Now that again has got beaten with the BOT revenue share coming back in because in BOTs again the pricing has become fixed price. As a result of that, rise in material prices have started to impact some of these contracts, especially in the recent diesel price hike and bitumen price hike has started to impact the road projects in terms of the EPC revenue and therefore direct rise in material cost is being seen. If you ask me what will be the material prices in the next quarters will be very difficult to gauge, but personally I think they are at peak levels and I tend to believe bitumen has upside and bitumen price will come down especially given the fact that there is very little addition of road contracts in the current year, I tend to believe that the bitumen price is expected to come down for the next quarters to come.

Mangesh Bhadang: So going forward what is the sustainable margin, will it be in the single digit of 7% to 8% compared to almost 10% to 11% that we have been doing?

M Goutham Reddy: Very difficult question but yes I tend to believe it will continue to be in line with where it is now.

Mangesh Bhadang: If you can highlight the equity requirement that you need to put in for the under construction, the time line for the under construction as well as the new projects?

M Goutham Reddy: Total equity commitment is about Rs. 1,100 crores, which includes not only roads but also some industrial projects and some buildings and some transport terminal that we have. Of this Rs. 1,100 crores we have already invested about Rs. 375 crores that leaves us with about Rs. 700 crores of investments to be made. Of this Rs. 700 crores about Rs. 630 crores–650 crores is investment to be made into the two large road projects that we have won which is the Agra-Etawah and the Hospet-Chitradurga. Other than that all our projects are fully funded. I think I am left with the commitment of about 80 crores or 100 crores in the existing

project to fulfill my equity commitment except the two new projects. So the existing 80-100 crores we believe will come from our operational cash flow and we don't see a concern. For the two new road projects we think we have about 3 years of time to pitch in the equity and within those two the largest one is the Agra-Etawah which is about 470 crores and I am finding reasons to believe that it will be far largely delayed than what we originally anticipated. So we think about Rs. 270 crores of equity will be invested in the next three years and the remaining Rs. 470 crores might get drag to longer than that.

Mangesh Bhadang: So by FY14 another 100 crores would be the possible equity requirement?

M Gautam Reddy: Yes. By FY14 we might see close to 160 – 170 crores, because existing projects will take 70 – 80 crores and Hospet-Chitradurga will take at least 80 crores. We believe at least 150 – 160 crores of equity will be invested in FY14.

Moderator: Thank you. We have the next question from the line of Nikunj Doshi from Bay Capital. Please go ahead.

Nikunj Doshi: Just wanted to understand, many of the infrastructure companies are looking to put their assets on block to restructure debt and reduce burden. So is there any plan of yours to sell some of the operating assets or something to raise capital and reduce debt?

M Goutham Reddy: I will not answer this question straight but before that what I would tend to say is that there are three major things which the infrastructure industry is particularly facing. One is there is equity commitments made that need to be fulfilled, and it is absolutely important to fulfill the entire equity commitment, because you would have had long-term commitments both with government and with ongoing projects. That is one part of the issue. The second part of the issue is over the last nine months to one year especially after the corruption issues have started taking a beating, we are seeing delay in receivables, started to stretch itself a little bit. Given this situation there is a certain liquidity issue that has come for the infra sector and therefore some of these companies are considering different options. As of today, we are not considering any such options. The only option we will consider at a slightly better market time will be raising some equity at our road holdco which is yet to be created. We haven't created any road holdco but we intend to create something in the near future and when we do that and when the market timings are slightly better we will surely consider certain equity raising in road holdco.

Nikunj Doshi: And this ED notice of attachment for assets and all that, obviously you clarified your strength through release, but when do you see court hearing or anything coming up for that?

M Goutham Reddy: These are long drawn legal battles and as you would know this is quite complicated cases involving multiple issues and multiple other charge sheets are co-linked with this. This is largely coming from

the Jaganmohan Reddy disproportionate assets case. So we don't believe that the legal issue connected with CBI or ED is a short drawn battle, it is a long-drawn battle. But as we indicated we don't believe there is any wrong or incorrect doing from either Ramky Pharma City or chairman Ayodhya Rami Reddy so we don't believe this is an area of concern. So far specifically the ED matter is concerned it necessarily has to be challenged within 150 days and we have already appointed lawyers and we will be challenging this within 150 days with the adjudicating authority. Above the adjudicating authority there is an appellate authority and after the appellate authority it comes to the high court which is when the larger legal battle actually starts to get contested. So we believe that the forum for the legal battle which could really get drawn very long. But the primary one will get completed within 150 days.

Nikunj Doshi: But meanwhile your access to the assets is blocked and you can't do anything with the assets or what happens?

M Goutham Reddy: Yes, within Ramky Pharma City the assets that have been provisionally attached will tend to have certain restrictions and the restrictions are primarily in terms of alienation, mortgage or encumbrance of these properties is refrained, and to that extent there will be a restraintment on some of these assets. We would like to clarify that there is no third-party assets. There is no asset which has been sold to any industry or lead to any industries or any difficulty in operational assets, so we tend to believe operations will be smooth except for certain restrictions in sale of a few unsold plots.

Nikunj Doshi: And any plans to raise fund at Ramky level or anything in the near future?

M Goutham Reddy: This market is no great time to even discuss that option, but..

Nikunj Doshi: Promoters can take preference share allotment or something.

M Goutham Reddy: we are not really contemplating this option in this market.

Moderator: Thank you. We have the next follow-up question from the line of Sagar Parekh from Enam Holdings. Please go ahead

Sagar Parekh: Sir in your order book what would be the fixed price contracts remaining?

M Goutham Reddy: Most of the third-party EPC contracts are I would say reasonably protected on price. May be 4% to 5% would be unprotected. But of late as I was indicating for somebody else's question in between, our own subsidiary contract have now started becoming fixed price because if the BOT contract which insists on fixed price EPC so there the risk of material price hike has started to come back. So I tend to believe around 30% - 35% today may be material price dealing.

Sagar Parekh: So in your current quarter's revenue how much would be from your in-house BOT revenue?

M Goutham Reddy: I think around 32% is coming from subsidiaries.

Sagar Parekh: So largely your increase in your direct expenses was because of this 32%?

M Goutham Reddy: To some extent, I won't say all of it. It is a function of 4 – 5 things. One is material price hike. Second is what exactly we execute in that particular quarter, depends on if you have executed work with related to steel or bitumen or cement or pipe and whether that particular item had a hike difference, it is a function of multiple things, it is a function of whether there was more subcontracting expense, direct expense, multiple things, but one of the factors that I was telling which is different from what used to be the case about a year and year-and-a-half back is this factor which we used to think materials prices are fully or reasonably protected are not as reasonably protected any more. There is also upside to this. Not that unprotected means only downside. The current environment is downside. When the materials prices go down it becomes an upside.

Sagar Parekh: Basically, bitumen prices have been going up only in the current quarter or before that also because you have been executing your BOT projects since the long time now?

M Goutham Reddy: Yeah materials prices have been going up for the last few quarters I would say.

Sagar Parekh: Because your margin pressures have been seen only in this current quarter. So the negative surprise element was only in this quarter, so that's why I am wondering. Basically, even if I go forward assuming that the material prices remain same as you would be executing your Srinagar-Banihal project, we would still see margin pressures continuing because it is your own in-house BOT and which is a fixed price?

M Goutham Reddy: I would tend to believe that there is upside to this honestly, because if you see the amount of road projects contracted in the current year is 1,000 kms as against the targeted 9000 kms. So the quantum of demand is surely going to come down. Bitumen consumption is a function of demand. If there is no road construction, I don't think bitumen will get sold even for Rs. 10,000 a tonne. I have purchased myself bitumen rising from Rs. 27,000 to Rs. 44,000 in the last two years. So it has been quite erratic and it has been a function of demand. And then unlike diesel price or petrol price which is more rationed and controlled here there is no control, it just moves every quarter.

Sagar Parekh: So next year may be you are saying that bitumen prices ...

M Goutham Reddy: I am tending to believe that bitumen will come down.

Sagar Parekh: Because there is no demand?

M Goutham Reddy: Yes.

Kamlesh Ratadia: Sir just wanted to check on the diesel price. The diesel price was hiked in January and February. So that impact is still not seen in the Q3 quarter, right?

M Goutham Reddy: That is still not seen in the third quarter.

Kamlesh Ratadia: So when it does come in to Q4 will it impact margins further?

M Goutham Reddy: Yes, it will have some impact.

Sagar Parik; Can you just give a ball park range in terms of how much of incremental cost that you would need to absorb?

M Goutham Reddy: Honestly, I don't have an answer to that right away. But it will have an impact. I can work out and come back separately.

Sagar Parekh : Sir wanted to know whether you will still be bidding for more BOT projects as NHAI would come up with BOT? Or you would stick to your EPC now because there have been a lot of players moving out of...?

M Goutham Reddy: I think we will bid but I would tend to say that it will be far more comfortable. Probably this is an opportunity also in this tough times is where better opportunities will come. We will bid but we will bid taking into consideration that our appetite is.

Sagar Parekh: Because funding also...?

M Goutham Reddy: Yeah.

Sagar Parekh: What is your outlook on your order inflow for next year now, because this year is a wash out any which way 1,000 crores of order flow. Next year what is your internal target?

M Goutham Reddy: Earlier also responded to this once or twice that order inflow we usually don't keep a target, because that put pressure on your bidding margins. So we generally don't take a target but we anticipate a certain volume of inflow. Even current year we anticipated actually close to 4 – 5,000 crores which is turning out to be much, much lower than that. But it doesn't bother us as much because we still have at least 4 years of order backlog in hand. So it really keeps us quite in control for the next 2 to 3 years. We will not keep any strict target but we believe we may end up close to 3,000 to 4,000 crores for next year.

Y.R. Nagaraja: In view of the general elections coming one or two quarters may be dull also.

Sagar Parekh: Any outlook on revenues next year standalone?

M Goutham Reddy: No, I do not think we are....

Moderator: Thank you. We have the next question from the line of Jayanti Maheshwari from Axis Bank. Please go ahead.

Jayanti Maheshwar: I just wanted to understand on your receivables position. How do you think the collections going on our retention money? What is the current position as on date?

M Goutham Reddy: As I was explaining the inventory and the WIP, the number of days are constant from compared to the previous quarter. In fact, there is a slight reduction in the number of inventory days and the number of WIP days, and there is generally an overall reduction in current asset days as a total. But nevertheless the absolute values are continuing to move up, and as I had indicated one of the concerns we are seeing is collection includes there is a delay in the receivables which is putting some cash flow pressure on the system.

Jayanti Maheshwari : Sir what is the total receivables position as on date?

M Goutham Reddy: Our total receivables are about Rs. 1,060 crores.

Jayanti Maheshwari: Of which how much is the retention money and how much you expect slow paying and not recoverable in the next 6 to 9 months or something which has expected delay in them?

M Goutham Reddy: This Rs. 1,060 crores is not retention money. This Rs. 1,060 crores is sundry debtors only. And retention money is Rs. 472 crores over and above this. So the total receivable is Rs. 1,530 crores. And of this, more than 180 days, I don't have that number immediately but it must be in the range of around Rs. 200 crores or so.

Jayanti Maheshwari: These are all good debtors that you expect to realize in the next 12 months or so.

M Goutham Reddy: Yeah absolutely.

Jayanti Maheshwari: No issues with the realization part?

M Goutham Reddy: No issues with the realization.

Moderator: Thank you. As there are no further questions from the participants I would now like to hand the floor back to Mr. Goutham Reddy for closing comments. Over to you, sir.

M Goutham Reddy: Thank you all very much for your continued support and we continue to believe that the external environment is tough, but I think we will still perform much better than what can be expected of in such difficult times. And I think the company's performance will reflect its commitment to the infrastructure sector. Thank you all very much for being with us.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Ramky Infrastructure Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.