



Ramky Infrastructure Limited

Q1 FY 2013

Investor Conference Call

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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

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY13 Results Conference Call of Ramky Infrastructure Limited. We have with us from the management, Mr. Y.R. Nagaraja -- M.D. of Ramky Infrastructure; Mr. Goutham Reddy – Executive Director, Ramky Group and Mr. R.S. Garg – the CFO of Ramky Infrastructure Limited. At this time all participants' lines are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time if you have a question please press "*" and "1" on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. R.S. Garg for his opening remarks. Thank you. And over to you sir.

R.S. Garg : Good afternoon to everybody. Welcome to this conference call of Ramky Infrastructure Limited. As you are aware, we are an integrated EPC construction and developer division company, we have been consistently growing for the last six years quite rapidly and this quarter results are out already with you and I'm sure all of you had a chance to look at it. We have done Q1 quite reasonably well as per our internal expectation. We believe that we have performed in such a challenging environment quite reasonably well.

During the quarter, revenue increased by about 11% to about 670 crores for the quarter, EBITDA margin also was at around 12.8% of revenue and PAT at 25.17 crores. The earnings per share works out to about Rs. 4.40 per share.

If you see our consolidated results for Q1 we have done slightly better than the standalone. Revenue increased by about 14% to about 882 crores, EBITDA improved and increased by about 23% to 162 crores, PAT increased to about 13.69% about 51 crores.

Reasonably well because we could do better in our some of the SPVs where we made investment till last two or three financial years, there we started yielding some positive results and this has made us little better on consolidated basis. This also gives us the strength to deal with the challenging environment which Infra business in India particularly been facing with the hostile marketplace I think we have done reasonably well.

In terms of other physical parameters we have been working quite hard to improve situation and face the challenging market situation.

On the order book side we have reasonably good order book. We have 13,624 crores order book at this point of time at the close of Q1, sector wise allocation is quite good, we have six segments of our EPC business where Roads and Bridges about 43% order book, Power about 4% which is new and nascent business we have entered in last one year, Industrial Construction we have about 7% order book, Irrigation continues to be good at around 13%, Water and Wastewater Management about 15%, Buildings another 17%.

If you see these measures all the orders, the segment order book we have about cash contracts of about 65% of 13,624 crores, orders from group companies' related parties about 3% and order from my own SPVs is about 32% which mainly comprises Roads and Industrial Parks.

If you see the client category wise we have central government order for 11%, private orders around 34%, state government around 54%.

It gives us quite a good confidence because we have orders from our own SPV, for which most of the financial closures are in hand, and we believe that this gives us visibility of our execution for the next 30 months to 36 months very easily. We will be able to grow our business in a moderate way during this phase.

I think taking from there I would like to say that some of the good orders what we received is already on the website, you have the details. We have received Canal project about 123 crores in Madhya Pradesh and we also received the small order of about 83 crores to build 2600 Houses for urban poor. We also received 165 crores order for the Road in Andhra Pradesh. I think these are the some of the good projects we received during the quarter.

Quarter has been encouraging as well as challenging. We had a lot of challenges in execution also. The road project in which we wanted to have more execution we faced quite a lot of issues but I think the past is behind and we will be able to progress appropriately during next three quarters of the year.

With this I would like to open the session for question and answer. Mr. Goutham Reddy is also with us now and we will welcome questions from all the participants.

Moderator : Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from Sagar Parekh of Enam Holdings, please go ahead.

Sagar Parekh: Sir, first question is on your order inflow. It is quite subdued in the 1st Quarter of 640-odd crores and for your full year last year you had about 5,800-odd crores. So what would be your take on order flow going forward for the FY13 if you can give some color on that?

Goutham Reddy: We anticipate the whole year to give us a total order book of about 5,000 to 5,500 crores and the order book that has been disclosed is not necessarily the 1st Quarter, we have given you a gist of some of the projects that we have won in the 1st Quarter, the total order we would have bagged in Q1 is about 640 crores, whatever given you is about four or five projects and that is broadly in line because you anticipate the bidding to be quite slow in the 1st Quarter and it will gradually catch up towards the end of the year when they want to close the contract. It is in line with the expectation.

Sagar Parekh: So then which would be the major segment contributing to your 5500 crores?

Goutham Reddy: The two road project that we have won; the Agra-Etawah and the Hospet-Chitradurga, once the financial closure is achieved then the contracts are awarded to the parent company that in itself will constitute upwards of 2,000 crores or so.

Sagar Parekh: No, but that is already included in the order flow?

Goutham Reddy : Ofcourse.

Sagar Parekh: I'm talking about this 5,500 crores that you are anticipating for the full-year order flow. Which segment would contribute to that 5,500 crores of order flow?

Goutham Reddy: We expect Roads and Buildings to be about 45% as in the past, we expect Water to give us about 20%, we expect Buildings to give us about 15% to 18%.

Sagar Parekh : And Irrigation I suppose has picked up this quarter in terms of order flow. So do you expect further orders over there also?

Goutham Reddy: Not a whole lot, but yes a little bit here and there we will start catching up.

Sagar Parekh: My second question is related to your order book. Can you give me the breakup of your captive order book? You have given like 30-32% is your internal in-house order in that current order book. So can you give us a breakup in terms of different project wise? In Roads also, if you can give me in terms of Narketpally-Addanki, Srinagar-Banihal and Jorhat-Shillong?

Y R Nagaraja : With respect to Narketpally -Addanki we have completed around 40% and the balance by March to April we wanted to close the balance 60% also. And coming to Shillong, we have completed around 25% and immediately after this monsoon season there also the working season will start and we are on the track and we will be completing as per the plan. And with respect to Moradabad, again it is external contract wherein we have done around 46%. And with respect to Outer Ring Road we have done already around 95%, 5% is only the balance.

Sagar Parekh: And with respect to your other project, Srinagar-Banihal?

Y R Nagaraja : Srinagar-Banihal till now around 11% is the progress and the balance as planned during the phase of the contract we will be doing, and right now it's a working season and in this working season we would like to touch minimum around another 10% to 15% progress in this financial year.

Sagar Parekh: And how much was the Gabon EPC in your revenue this quarter?

R.S. Garg: Gabon, we have done about 100 crores this quarter.

Sagar Parekh: How much is the total equity that you have invested? As on March it was about 360-odd crores. So, has it remained the same or it has increased?

R.S. Garg : 358 crores as on June 2012.

Moderator: Our next question is from Manish Valecha of Anand Rathi, please go ahead.

Manish Valecha: Sir just wanted to check the status of financial closure of Agra-Etawah and Hospet-Chitradurga.

R.S. Garg : We have almost tied up for both the Road projects and maybe in about 15 days time we will be announcing it.

Manish Valecha: At what rate would this be at?

R.S. Garg : It is in the 12.00 or 12.25 range. Not more than that.

Manish Valecha: During the current quarter the margin seems to be pretty high. Any particular reason or any particular order that has contributed to such high margins?

R.S. Garg : I think margins are more or less in line with what we have been, but our interest burden this quarter has been little on higher side that reduced my PBT and PAT.

Manish Valecha : So we will continue to make such kind of margins for the FY 13 the whole year?

R.S. Garg: There should be some more pressure. I don't think the environment is really difficult. We have to see how we are able to do next. But it seems difficult to hold onto this, but we are making all out effort to control cost, work out certain saving strategies and hope to work on managing at these levels. But interest is definitely area of worry.

Manish Valecha : What is the current debt level?

R.S. Garg : As on June-end we have about close to 1100.

Manish Valecha : Standalone?

R.S. Garg : Yeah 1050 standalone.

Manish Valecha : And do you see this debt level continuing here or maybe slightly increasing by the year-end?

R.S. Garg : Temporarily some increase may be happening; certainly it will go down by the time we approach year-end.

Manish Valecha : Sir, on the Gwalior bypass I believe the stake has gone down from 51% to 26%?

R.S. Garg: Yes.

Manish Valecha: So any particular transaction amount there or anything like that?

Goutham Reddy: No, basically is not for sale of shares or any transaction amount. The consortium which bid for the project has brought its equity down from 100% to 51%, thereby resulting in the Ramky Infrastructure which was 51% of

the consortium coming down to 26% which is an effect of consortium reducing equity, it's more a equity raising function than any substantial sale of shares, so there is no commercial gain in this particular transaction.

Manish Valecha: The remaining 74% now remains with Era is it?

Goutham Reddy: Era and some of their associates.

Manish Valecha: Sir, one more question on the subsidiary profits, if you could just give us the major profits during the quarter on the subsidiary front?

Goutham Reddy : I think some of the major contributors for this quarter are Pharma City which has done an income of about 40 crores and profit after tax of about 17.5 crores, Gabon, the international operations which has done an income of about 100 crores with profit of little over 10 crores and then there are numerous other projects which have contributed in parts and pieces, some of the road projects and other operating projects including, Ramky Towers which is the real estate project, which is almost coming to an end in this financial year contributes 21 crores of revenue and 4 crores of profit.

Manish Valecha : And the equity invested total you mentioned was 358 crores correct?

Goutham Reddy : Yes.

Moderator :Our next question is from Mangesh Bhadang of Quant Broking, please go ahead.

Mangesh Bhadang : Sir my question is with regards to the new projects; Agra-Etawah and Hospet-Chitradurga. So can we see some revenue flowing in from these two projects from 4th Quarter?

Y R Nagaraja :Definitely yes for Hospet-Chitradurga. For Agra-Etawah again it has to come from this being a Taj Corridor project, environment clearance has to come from Supreme Court, so maybe little difficult to get in this 4th Quarter but we are hopeful of getting it at least in the 1st Quarter of the next financial year.

Mangesh Bhadang : So Hospet-Chitradurga nothing will come in the 3rd Quarter?

Y R Nagaraja : Chitradurga will come in the 4th Quarter. Agra-Etawah may not come.

Mangesh Bhadang : I guess there are some delays on Moradabad-Bareilly also. So have those been sorted out?

Y R Nagaraja : No Moradabad-Bareilly actually we are working as a EPC contractor, not our SPV it is IL&FS SPV.

Mangesh Bhadang: But still the work that we were doing had stopped sometime back.

Y R Nagaraja: No, it is not stopped but we are little slow with respect to some of the land acquisition aspect.

Mangesh Bhadang: And just one more thing on your CAPEX, how much CAPEX you would be doing in this year?

Goutham Reddy: Not significant, we will probably be adding another 10 to 15 crores which will also be equivalent to the depreciation that will happen over the next three quarters, so there won't be increment in net block.

Mangesh Bhadang :So these two new projects will not be contributing that much. So equity contribution this year will also not be very high?

Goutham Reddy: No, equity contribution will be there but there will not be fixed asset addition, because we have already created adequate fixed assets in FY 12 and FY 11, these fixed assets where some of the utilization has come to optimum will now move out of their locations and move to the new projects, so there will be re-utilization of the old assets that have been purchased.

Mangesh Bhadang: Just one more thing on the inventory as on FY12. That seems to have increased quite substantially. So what could be the reason for the same?

Goutham Reddy: No, basically the payment periods and certifying are not the best in 1st Quarter, typically the 1st Quarter was a period when you expect things to be a little slow in terms of certifying the bill, in terms of clearing the payment, and if you look at cumulatively the increase from previous quarter it is a little over.....

Mangesh Bhadang: No, I am saying on FY12 compared to FY11, say like March 2010 compared to March 2011.

Goutham Reddy : March 2010 to March 2011 is a substantial increase because the pile up of the Q4 so generally you can expect the situation to get better over a few quarters but yes there is a substantial increase in work-in progress. It is a function of getting the bill certified and getting them paid. I don't see any unusual thing. If you compare with it's been building up over the last 2-3 quarters and the Q4 data needs to get certified and paid.

Mangesh Bhadang : Any guidance for FY 13 for revenue?

Goutham Reddy : As you know we haven't been giving guidance but it would be in line with the previous year. We can expect a little bit of growth, growth is certain to be there, but the results I can tell you will be robust and probably give us growth over the previous year.

Moderator: Our next question is from Sagar Parekh of Enam Holdings, please go ahead.

Kamlesh Ratadia : I have a couple of questions. Can you just help me reconcile the Q1 cash flow because the increase in net debt which is about 145 crores plus the income from operations which is about, I am now talking about in the standalone operations so 25 crores of profit plus the depreciation of 8 crores is about 33 crores, your total accrual, I mean cash flow was about 178 crores versus that I don't see a corresponding increase in working capital as well as there has been absolutely no increase in fixed assets or investments so where has this money gone?

R.S. Garg: It is in the net current assets.

Kamlesh Ratadia : Net current asset has gone up only by about 78 crores if I look at your numbers from March.

R.S. Garg: 140 crores.

Kamlesh Ratadia : No sir, net working capital from about 1200 crores so 1199 to about 1277, so about 1200 to 1277.

R.S. Garg : 1136.

Kamlesh Ratadia : No sir, in your presentation your net working capital which is on slide number 24 is given as 1199, which is about 1200 crores, I'm just rounding off that number.

Goutham Reddy : Probably net working capital does not take all the balance sheet items into consideration but if you look at the balance sheet our current assets as on 31, March 2012 are 3,240 crores, our mobilization advances are 1,168 crores, net liabilities of 960 crores so if you net off the total current liabilities our net current assets are 1136 crores as on 31st March and as of 30th June our net current assets are 3304 crores, mobilization advance has come down because there has been adjustment in some of the previous advance and it has come down to 1190. Our current liabilities are 907 resulting in net current assets of 1277, this difference of 140 crores is where the substantial part of the surplus has been invested. Our total liabilities were 1924 crores as of 31st March has come to 2071 crores as of 30th June so that is about 146 crores of increase.

Kamlesh Ratadia : So the net working capital now stands at 2071 crores is what you are saying?

Goutham Reddy : Not net worth, that is the total liabilities including loan. Our breakup is like this. 57 crores of share capital, 935 crores of reserves and surplus, 1050 crores of secured loan, 27 crores of unsecured loans totaling to 2071 crores of total liabilities. Our fixed assets net block is 417 crores, capital work-in progress is 23 crores, investments are 358 crores, net current assets of 1277 crores, there is a deferred tax adjustment of minus 6.16 crores, so that is the 2071 crores of assets.

Kamlesh Ratadia : Anyway I will take it offline, but what I wanted to understand in greater detail is that this debtor number which in your annual report is about 1700 crores. This is the gross debtors that I am talking about and the numbers that you mentioned in your presentation is about 1163 crores and for the Q1 it has come down. So what is this number and why are these numbers very distinct?

Goutham Reddy : I think there is a classification issue. Probably WIP and sundry debtors are being plugged together to arrive at that 1700 kind of a number whereas the way I have broken up is to give you inventories which is closing stock, closing WIP as one group and sundry debtors as another group, probably it is a grouping issue. We can as you said take it off the line.

Kamlesh Ratadia : But let me understand it clearly, when you say it is WIP it is recorded in your revenues or it is not recorded in your revenues?

Goutham Reddy : It does get recorded in revenue.

Kamlesh Ratadia : So when it is recorded in revenue it has to be sundry debtors. Why should it be taken as inventory?

Goutham Reddy : It is a way of classification. In any case it comes as total current assets. In the total current assets within my format of balance sheet I have four sub-breakup. I breakup a particular thing as inventory which includes closing stock and WIP, I breakup another group as sundry debtors with more than 180 days and less than 180 days as another group of debtors, then cash and bank balances, loans and advances. These four put together form the current assets.

Kamlesh Ratadia : Can you give me the current asset breakup for March FY12 and Q1 now so that I can make it comparable?

R.S. Garg : Yes, we can do that. Can we take it off-line?

Kamlesh Ratadia : No, for the interest of everybody if you can just give it. It will be taking two minutes, you have all the numbers, you have given the current assets as a segregate amount can you just give me break up?

R.S. Garg : We have loans and advances 1308 crores and we have cash and bank balances 75 crores and debtors about 1163 crores and inventory we have 697 crores.

Kamlesh Ratadia : That is what I want. Can you give me the inventory breakup in terms of what is CWIP and what is the inventory?

R.S. Garg : 210 is closing stock and WIP is 487.

Kamlesh Ratadia : And how much of the debtors more than 180 days?

R.S. Garg : About 256.

Kamlesh Ratadia : How much was this current CWIP in March of '12?

R.S. Garg : This is what you asked for March of 12?

Kamlesh Ratadia : For the current quarter I was expecting the breakup.

R.S. Garg : 553 is WIP for June quarter and closing stock is 276.

Kamlesh Ratadia : And debtors?

R.S. Garg : Debtors more than 180 days 348, 720 for less than 180 and 52 cash and bank balance.

Kamlesh Ratadia : So why is these debtors more than 180 days going up so sharply 100 crores increase in a matter of three months?

R.S. Garg : There are certain delays from the state government and those money have come after 30th June.

Kamlesh Ratadia : Already 180 days is quite a lot of delay that has gone up 100 crores over a quarter.

R.S. Garg : It is not something abnormal some of the clients do delay that.

Kamlesh Ratadia : I'm surprised that you are not concerned about it.

Goutham Reddy : No it is a matter of concern, but especially given the current state of affairs in the state government of AP there are certain delays in payment which is surely increasing this more than 180 days marginally. But if you look at there have been periods in the past which are about this range.

Kamlesh Ratadia : So what is the expectation that we should go by for the full-year? Is this.....

Goutham Reddy : We would anticipate an average more than 180 days receivable in the order of 30 to 40 days that could be the average period. Currently, it is at about 47, towards the end of the year we can expect it to be around 30 to 40 days extra.

Kamlesh Ratadia : So basically the only reason to harp on this is that even in our previous conference call you said we are very focused on reducing our working capital in terms of number of days and this has been consistently going up quarter after quarter. So how do we get comfort that this will come down because our business has slowed down but our interest in terms of is going up largely because we are funding working capital and this working capital has always been a priority in terms of reducing but it has not come down. So where should we see it headed and can you help us understand what is the management priority in terms of getting it down to?

Goutham Reddy: If you look at towards all the quarters in the previous year also you would have seen we had told you that the net current assets by the end of the year would be between 130 days to 145 days and we ended up at about 134 days. Q1 usually you will find it higher, is currently at 172 days and that's a similar situation in Q1 of last year we had about 164 days. This is generally because Q1 is expected to be low revenue and you are comparing it on a smaller base and it is the effect of Q4 that is catching up on Q1 and as a result you will see the Q1 net current asset data or working capital data is slightly skewed. Towards the end of the year we generally convince that it should be between 130 to 145 days that is what it was 31st March 2011 that is what it was 31st March 2012. We expect it to be again between 130 to 145 days towards 31st March 2013 also.

Kamlesh Ratadia : But if you look at FY09-10-11 it has been always around 124 to 125 days, then it has shot up to about 141 days in '12 and now it is already ten days higher than your Y-o-Y numbers. So I think it is a matter of concern. So.....

Goutham Reddy : As I was explaining to you, certain receivables in states like Andhra Pradesh are getting slightly delayed because of the political indecisiveness so that is catching up but the increase you are talking of is about 7-8 days in Quarter 1 and that kind of marginal increase has happened over the past '09, '10 '11 and '12 and even in those previous years our anticipation was that it will remain between 130 to 140 days.

Kamlesh Ratadia : Net-net the final number that we all track is basically debt. So the debt number has gone up more than 100 crores over a quarter from March to now. And do you expect this to now be the peak debt or it will come down because business activity anyways is you are not looking at any double-digit of 30-40% growth. So given the backdrop that we will be about 8% to 15% growth should we expect this as a peak debt for you or it should continue to balloon?

Goutham Reddy : Maybe it will be in the range of 5-10% range of where we are now, you can anticipate it to end around maximum another 50 to 70 crores increase if at all, otherwise in this range.

Kamlesh Ratadia : Surprising sir, because if your working capital will go down, you are not expecting any significant growth, then why should your debt go up?

Goutham Reddy : Working capital goes down by number of days not by absolute number.

Kamlesh Ratadia : But if your business was growing at 40-50% the number of days I could have expected, but you are saying that your business will grow at a modest rate like you did in last year. Now when you are growing at a modest rate than your working capital number based on absolute should also fall, right?

Goutham Reddy: If you look at 134 days of year-end versus 170 days of a quarter the absolute difference is about 100 crores. So that same situation towards the end of the year if it comes back to 130-140 days of the current year growth there will be an incremental working capital gap of about 150 crores, that 150 crores increase is what you will anticipate in the secured loan book.

Kamlesh Ratadia : But you will also have your retail earnings, I mean you will have your profits, you will have your depreciation and you are saying you have no CAPEX, so where does that money go?

Goutham Reddy : There is lot of investment going on. If you look at my 31st March 2011 versus 31st March 2012 you will see that my investments have gone up from 214 crores to 358 crores that's a 140 crores investments and then you also look at my gross block which is where the investment has gone in from 388 crores the gross block has gone up to 508 crores that's 130 crores, 130 plus 140, 270 crores of fixed assets and investments have been created and the increase in debt is from 650 to 1000, so you are talking of about a 400 crores increase in debt against which 270 crores has been invested into fixed assets and investment in about 15 months period.

Kamlesh Ratadia : This is what exactly sir you are telling the same numbers which I am arguing saying that half of your money has gone into investments and fixed assets, more than that has gone in working capital....

Goutham Reddy : Not more than, sorry, that is actually wrong, it is less than that, more than 270 crores has gone into investment, about 150-160 crores has gone into working capital and if you look at my March 2011 revenue was about 2700 crores on a standalone basis and March 2012 we have had 3150 crores there is a 20% increase in revenue plus the order book has gone up from about 7000-odd crores to about 13,000 odd crores and order book requires EMD margin money, bidding cost and working capital mobilization cost that are involved so it is a very appropriate investment. 170 crores increase is absolutely expected.

Kamlesh Ratadia : So you don't expect it to come down by the end of this year?

Goutham Reddy : No, it is not that it will not come down, it is because of the function that there will be investments that will go into fixed assets and investments you cannot expect the equity to come down, because equity investments are continuously required, we have been winning road projects where equity investments are essential.

Kamlesh Ratadia : Ok Great fine Thanks!

Moderator : Our next question is from Amitabh Sonthalia of SKS Capital & Research, please go ahead.

Amitabh Sonthalia : Most of my questions have been answered, just wanted to get a sense of why the net debt-equity has gone up so substantially within last one year and where do we expect it to peak and taper off?

Goutham Reddy : As I was just explaining earlier it has actually not gone up substantially, if you look at 31st March 2011 the exact amount of debt standing on the book was 675 crores, and as of 31st March 2012 is 956 crores. So we are talking of less than 300 crores of increase in debt. In this less than 300 crores of increase in debt we have had an increase in investment in the order of 140 crores and gross block investments have gone up by 120 crores, so a total of 260 crores increase in investment has happened whereas 300 crores of increase in debt has happened. So into the working capital the amount of money that has gone in is less than 45 crores. However, in the 1st Quarter, as we were just discussing, there has been an increase of another 100 crores so that makes it about 140 crores that has gone into working capital in about 15 months period which is in line with the growth, we have had a growth close to about 20% from 31st March 2011 and that substantiate the working capital increase and also the order book that has gone up which requires the mobilization advance and mobilization for the project will demand such quantum of working capital increase.

Amitabh Sonthalia : Just a general comment if you can make on the recent some investigation against the company or its promoters which had led to a huge sell-off in the stock and if any update on that.

Goutham Reddy : There has been a chargesheet filed on Ramky Pharma City India Limited which is a 51% subsidiary of our company and on the Chairman of Ramky Pharma City which also happens to be our Chairman Mr. Ayodhya Rami Reddy. We had earlier in one of the conference calls already clarified this position that the chargesheet is indicating that there is a benefit created on to the company and to the promoter because of dilution in green belt of the project. And as indicated that this project has been awarded to us in 2003 and 2004 which was before the previous government

on whom the allegations are being made and had indicated that we are absolutely in line with the concession agreement and no deviation whatsoever has been made and had also been told that we are in a detrimental position than in any beneficial position compared to the concession agreement that has been made and therefore none of the allegations made on a prima facie basis are tenable. However, a chargesheet has been filed and therefore we are representing ourselves in the court and the court proceedings will continue until this case is disposed off.

Amitabh Sonthalia : Any sort of guess on the timeframe that it....?

Goutham Reddy : Very difficult, because the number of chargesheets these people are filing itself has not been decided. As of today, they have filed four chargesheets, in which one of them happens to be where Ramky is being referred to, we don't even know how many they are going to file, when the trial is going to begin is also not yet determined, so it will be a very long drawn, surely not in a shorter term is my guess.

Amitabh Sonthalia : Does that affect the business or fund raising by the company in anyway, banks or the renewal of debt, facilities etc.?

Goutham Reddy : It does not, but as I was telling you a little while ago, the decision-making in Government of A.P. has surely gone a little slow and as a result of that some receivables are taking little longer than usual.

Amitabh Sonthalia : That's across the industry phenomena but specific to Ramky there is no additional stress from the banks or anything like that in terms of renewal of our term loans or any working capital limits, etc. which might provide any constraint to us in terms of executing our projects?

Goutham Reddy : No, not at all.

Amitabh Sonthalia : Any thoughts on shareholder value creation given that ever since listing the stock is down almost by two-thirds and..

Goutham Reddy : I think there is something wrong in this that we are doing certainly that the share price has fallen down, if there is an advice from anyone of you will be open. I think from a company perspective I continue to believe that the order book is strong, we have not taken any orders which are strategically incorrect. We believe that the projects are in the right shape except the interest rate environment which earlier it used be 8-9% range has moved to the 12-13% range, most other factors remain to be constant. Company's performance at EBITDA level is consistently growing and possibly will continue to grow, do not see any working environments that are unfavorable. But as you rightly said the share price has fallen down to less than two-third which hurts a lot to us as much as it does to every other investor. We are also looking for some thoughts and advice. So if there is any advice that you think we should do that we are not doing right we will be quite open to look at that but we are working on whatever best we can.

Moderator : We will take the next question from Pranay Goyal, he is an individual investor, please go ahead.

Pranay Goyal : Can you update on the Ramky multiproduct and integrated township?

Goutham Reddy : Ramky multiproduct industrial park is a industrial park that we intend to develop in around Hyderabad. As we indicated it is about 60-odd kms from Hyderabad. We have already procured about 1064 acres of land and at least another 150 acres of land we have already identified and preliminary sale agreements have been made. We intend to develop in Phase 1 between 1500 to 2000 acres and launch this project, our target launch will be towards end of this financial year, so you can expect a launch of this project around March of 2013, and our procurement price of land is pretty much intact, we have no problem and as you know we are procuring it privately. In terms of Ramky Integrated Township we have got the approval of DBR, we are of course a minority shareholder, we are only a 30% shareholder in this project. This project DBR approval has already come, we are waiting for approval of a couple of individuals sub-project within this where we are launching one apartment complex and one individual villa complex. Once the permission come we will hopefully launch this towards December of this year is my estimate or worse it will move to January.

Amitabh Sonthalia : And will any revenue be recognized from the integrated township?

Goutham Reddy : Unlikely, I don't anticipate revenues in the current financial year from both these projects. Even if it comes it will be very marginal and of course it is a township project it is a minority interest so I don't anticipate any profit accrual to be recognized in the current year. Multiproduct Park, we will launch only in March, so you can't expect in the current financial year.

Amitabh Sonthalia : In the Gabon operations in the last conference call the management has indicated that it was evaluating a road and mass housing project.

Goutham Reddy : Yes, we are continuing to pursue the project but as of today as you know we are doing two projects; one is the SEZ and the other one is the electrical transmission line. All these projects we are substantially in progress, hopefully, we should be signing the contract any time.

Amitabh Sonthalia : And what is the timeline?

Goutham Reddy : I would anticipate it to happen in less than 15-20 days.

Amitabh Sonthalia : And what is the closing order book for the Gabon operations?

Goutham Reddy : For the Gabon operations closing order book will be in the order of about 200 crores as of now.

Amitabh Sonthalia : You had earlier indicated that there was some Oman operations and all except for Gabon but nothing else has happened except for Gabon.

Goutham Reddy : Not yet. We have not finalized any.

Amitabh Sonthalia : No expectations in the near future?

Goutham Reddy : We are pursuing opportunities but some of these opportunities we leave them because of country risk and opportunity risk, sometime the government delays, so entering a country will be a little careful I would say.

Amitabh Sonthalia : Why has there been a delay in the financial closure for the projects because you were....?

Goutham Reddy : I would not say there is a delay, we have been negotiating hard, I think we are trying to get better interest rates for the project, we will end up in a fairly decent interest rate and even the NHAI we were in touch and we could see that land acquisition is also getting delayed so we are taking advantage of the time. I think we will be able to complete this by 15th of September. For 90% we have received sanction and for the other 5-10% also we have received draft sanction, we are trying to negotiate the last draft sanction, so hopefully in the next one week we should close.

Amitabh Sonthalia : And what kind of debt-equity ratio can we be working with?

Goutham Reddy : Approximately 25-75%.

Amitabh Sonthalia : And is company is in talks with any private equity or road developers offloading stake in the BOT projects?

Goutham Reddy : We did initiate a dialogue but we are currently seeing that the current environment is not the best to raise. As you would realize that our capability to invest over the next two and half years into existing and new projects is still there, but we are open to raising some equity so that we don't put a lot of pressure on the standalone company, so we are going to be looking at it, but not in the current environment, hopefully once the environment gets better we will evaluate.

Amitabh Sonthalia : Any road projects company is L1 in?

Goutham Reddy : Nothing else, nothing new.

Amitabh Sonthalia : Any road projects we expect to win?

Goutham Reddy : Still the competition as you are seeing is reasonably stiff, each bid still comes with about 8 to 10 projects, so it will be very difficult to say which one we will get. So I don't think there is anything immediately in the pipeline that we are waiting for, so I won't dare to get anything.

Amitabh Sonthalia : NHAI was offering some purely EPC contract. What about those?

Goutham Reddy : EPC contracts we will bid for whatever opportunity that comes.

Moderator : As there are no further questions from the participants, I would now like to hand the floor back to the management team for closing comments.

Goutham Reddy : Firstly, thank you all very much for the feedback. Please do keep in touch either directly with the CFO, me or our MD, and we are quite open to thoughts/suggestions that can improve the company's performance. We are also as much concerned as some of you as investors are so the share price has really crippled from the issue price, and we really need to see what best can be done, but I can assure you that the company is having fairly decent order book and aims at keeping its position intact and we hope that we will be able to perform better. Thank you.

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