



Ramky Infrastructure Limited

Q1FY14 Earnings Conference Call

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 Q1 FY14 Earnings Conference Call. We have with us today Mr. Y. R. Nagaraja – Managing Director at Ramky Infrastructure Limited and Mr. M. Goutham Reddy – Executive Director at Ramky Group. As a reminder for the duration of this conference 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 please signal an operator by pressing * and then 0 on your Touchtone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Goutham Reddy. Thank you and over to you, sir.

Goutham Reddy: Thank you very much. Let me give quick opening remarks of the quarterly performance ended 30 June 2013. As all of you would have seen, Ramky Infrastructure continues to operate in the same segments as we historically are operating so there is no diversification of business. We continue to generate income from two major sources of business, one is EPC and the second one is development of assets or ownership of assets. In the EPC business we continue to do in six segments which are Roads, Buildings, Water and waste water, Industrial Construction, Irrigation and Electrical Transmission and Distribution. These are the six segments in which we are doing EPC. As a developer we continue to own roads, the industrial parts, one transport terminal and a few building projects and we probably are continuing in the same segments as of right now. We also have the international division which is based out of sharjah but predominantly operations are happening out of Gabon in Africa as what has been the historical performance of the company.

Now coming specifically to the performance of the current quarter ended 30 June 2013, the consolidated revenue for the company for the Quarter Ended 30th June stands at Rs. 699.45 crores and this is bit lower than what we performed last year same quarter and in terms of operating costs the total operating costs have been Rs. 681.80 crores, profit before tax for the company has been in negative of Rs. 50.36 crores and net loss of Rs. 34.12 crores. That is how the company’s performance has been. But just to give a small point of clarification. There has been Incremental provisions on account of certain long outstanding/ non-moving receivables including retention money, amounts with held by the customers, advances to suppliers and sub-contractors, project inventory and project work-in-progress which constitutes about Rs. 54.94 crores in the standalone balance sheet which is what is reflected in the overall negative results of the company.

Now the consolidated results of the company or a combination of the EPC business and the respective SPV’s which constitute the business and this includes EPC business revenue of Rs. 617.99 crores with a net loss of Rs. 40.89 crores. Then we have income coming from the buildings from industrial parks and from roads cumulatively constituting to this Rs. 699.45 crores revenue and a loss of Rs. 34.12 crores. In terms of both the building projects, Ramky Towers and Ramky Enclave continue to be profitable and they are continuing to do in line with the path. Ramky Pharma City India Limited turned out to be the difference between the previous quarter and the current quarter. That is primarily because there has been fewer sales of land which has

resulted in an operating deficit otherwise the normal operations of Pharma City continue to be quite normal and no major change in that regard but probably the effect of sales not being there is on account of the some of issues hanging around Pharma City regarding the ED issue probably hampered the sales for the quarter but it will certainly come back and the volume of sales left is also quite small in this particular business.

In terms of the road projects, I think Srinagar-Banihal Expressway Ltd happens to be the project which is moving quite well because the season was most appropriate in Jammu Kashmir for executing the project and our international operations have started to slow down and compared to the previous year where we did an income of about Rs. 108. crores, the current year income has been almost negligible. This is primarily on account of projects almost drying out and no new contracts being executed and the client not taking up the projects in the same speed as it was happening in the past. So the change in the quarterly performance on a consolidated perspective, roads continue to do the same way as they are doing. Srinagar-Banihal way is doing better than the previous quarters because of land being there and progress happening. International operations almost coming to a halt because of client not expanding the operations in Gabon and in terms of building projects they continue to do the same way as they were doing.

Very broadly touched performance of the company Rs. 699.45 crores revenue with a net loss of Rs. 34.12 crores and as I had already indicated the company has operational profit but the losses are on account of for Rs. 54.94 crores of incremental provisioning **the** company has taken on account of non-moving debtors inventory and work in progress of some previous prior period items which has constituted to this net loss.

Thank you all very much and I will be more than happy to take questions and respond to some of them.

Moderator: Thank you very much, sir. We will now begin the Question & Answer Session. We have a question from the line of Sagar Parekh from Enam Holdings. Please go ahead.

Sagar Parekh: Sir, I had questions regarding your balance sheet in your annual report basically. In the Auditor's qualification they have qualified one note saying that there has been an irregularity in giving TDS not deposited regularly. So could you quantify the amount that this how much is it and what is the time of this delay?

Goutham Reddy: I think the delay has been a very small amount. It is in the order of about Rs. 2 crores to Rs. 5 crores.

Sagar Parekh: Okay, because in the annual report it is mentioned that some of the amounts have been quite significant?

Goutham Reddy: I am sure you are referring to page 39 it is a small amount, it is below Rs. 2 crores and it was the delay of a few months.

Sagar Parekh: And is there any delay right now or everything is paid off or still the delay continues of Rs. 2 crores?

Goutham Reddy: No, the delay has been regularized and we have paid the TDS.

Sagar Parekh: And sir, I also wanted to know that how much is the delay now for any of the other debts that you own in the Annual Report it is mentioned that which were outstanding as of 31st March was about Rs. 25 crores from HDFC Bank, so that is still not paid?

Goutham Reddy: No, the HDFC Bank's Rs. 25 crores has been paid off. But that does not mean we are completely regular there are over dues in the current system and we have close to as of end of the quarter I think we have probably Rs. 8 crores to Rs. 9 crores standing as over dues at the end of quarter. There is a liquidity concern in the overall system and this is attributable to four major changes in the company. Number one, the order inflow has been quite lag and as a result of that there is mobilization advance which typically you would get which in the current year has actually got eroded and we had just measured that in the first quarter there is a reduction in mobilization advance by about Rs. 10 crores. Similarly there is an investment which continues to go in to the road projects that we have committed and there is increase in retention money and debt is not going up. Debt in fact is coming down. A compounded effect of debt reducing with no enhancement in CC limits or term loans, mobilization advance are coming down because of more new order inflow. Retention money going up because of delayed receivables from Government is compounding to a working capital strain and liquidity concerns which is causing some delays in banking payments and some other payments there are delays in the system.

Sagar Parekh: How much was the retention money as of June 2013?

Goutham Reddy: As of June 2013 the retention amount would be Rs. 513 crores.

Sagar Parekh: In March it was about the same, right?

Goutham Reddy: No, in March it was Rs. 504 crores and in 31st December it was Rs. 472 crores. So in the last six months period the increase is about Rs. 42 crores.

Sagar Parekh: So Rs. 42 crores have gone over here stuck up in the retention?

Goutham Reddy: Yeah, I mean just to give you the last two quarter change in situation debt was at Rs. 1207 crores on the standalone company I am telling you, that has debt it was Rs. 1207 crores, it has come down to Rs. 1123 crores.

Sagar Parekh: Rs. 1123 crores is as of June?

Goutham Reddy: As of June 30th. Mobilization advance unrealized was Rs. 772 crores which has come down to Rs. 719 crores. Investments were at Rs. 375 crores which have gone up to Rs. 406 crores. The gross block was Rs. 524 crores which has gone up to Rs. 537 crores and retention money from Rs. 472 crores to Rs. 513 crores. Put together there is a working capital strain of Rs. 220 crores. This difference as these five items that I have indicated is about Rs. 220 crores so most of it is account of debts not going up and a new orders and inflows not happening as was originally contemplated. These are the two main reasons I can...

Sagar Parekh: So the order inflow number for this quarter would be?

Goutham Reddy: Order inflow for this quarter is nil.

Sagar Parekh: Okay, no order flows?

Goutham Reddy: No order inflow. I mean there may be very marginal, but there is no significant order in.

Sagar Parekh: And sir, now you mentioned that about Rs. 8 crores to Rs. 9 crores of Principe amount that is together with principle and interest, right the ones which are still in the so that is the only amount that is left rest everything is I mean under check in terms of payment?

Goutham Reddy: As of 30th June, yeah.

Sagar Parekh: As of 30th June Rs. 9 crores is the amount which is in delay and how much is there delay in terms of days, this Rs. 9 crores is not been paid for how long? What was the due date?

Goutham Reddy: It must be about 15 to 20 days delay there.

Sagar Parekh: Are you planning to pay this in the coming 15 days?

Goutham Reddy: No, that Rs. 9 crores is paid off but as of today I think the dues... I do not have the exact number but those dues would have been paid but you would have add further dues that is.

Sagar Parekh: Sure, I understand. Sir, can I have the debt repayment schedule for this current year for Ramky stand alone?

Goutham Reddy: See there are three total debts constituting Rs. 1123 crores, Rs. 850 crores is the CC limit.

Sagar Parekh: How much Rs. 650 crores?

Goutham Reddy: Rs. 850 crores.

Sagar Parekh : Rs. 850 is the fixed element?

Goutham Reddy : No, it is the CC limit, working capital.

Sagar Parekh : Oh CC limit, okay.

Goutham Reddy : So there is no repayment. And then there is Rs. 150 crores of term loans which has a repayment of Rs. 6.25 crores per quarter and we have completed two quarters so we have another Rs. 12.5 crores to be repaid for the term loan.

Sagar Parekh : Rs. 12.5 crores for?

Goutham Reddy: For remaining part of the year I have Rs. 12.5 crores to be paid.

Sagar Parekh : Three quarters remaining right so?

Goutham Reddy : Yeah, three quarters if you are looking at June 30th, correct.

Sagar Parekh : So three would be about Rs. 19 crores?

Goutham Reddy : Rs. 19 crores, correct. I have hire purchase loans of Rs. 94 crores which typically gets repaid through an EMI mechanism.

Sagar Parekh : So how much is that?

Goutham Reddy: It will be very difficult to quantify that but it is approximately Rs. 8 crores period month.

Sagar Parekh : So if 8×9 , 72; $72 + 19$ is approximately?

Goutham Reddy : You cannot exactly quantify that because some of the loans will get repaid off during the year. So probably during this year we may end up repaying close to, because that is an EMI which computes both interest and principle together while I do not have the exact numbers we can expect about Rs. 40 crores to Rs. 50 crores to have been repaid off by end of the year.

Sagar Parekh : That is just the principle amount?

Goutham Reddy : That is the principle amount. Interest would anyway have to be serviced.

Sagar Parekh : So about Rs. 40 crores to Rs. 50 crores, okay. Sir, then are you expecting any kind of further delays or how is the situation now in terms of our orders are coming

Goutham Reddy : See there is an element of liquidity strain so in fact yesterday we had a meeting of the consortium of lenders and we had indicated I mean we have not had a CC limit enhancement for about two years. So we had specifically requested an enhancement of CC limit by Rs. 200 crores which they have all in principle agreed but getting the final approvals will take some time. If that enhancement does happen we do not anticipate that there will be any delays for the company but until that enhancement happens we believe that there will be a little bit strain on the cash flows of the company.

Sagar Parekh : But except enhancement of the CC limit what are the other steps that the company is planning to take for at least ensuring that the delay or the default does not happen or at least reducing the debt?

Goutham Reddy : See we are looking at four, five other steps that we will probably explore. One is to sell the assets. We have one operating road asset, two road assets which are scheduled to be operational in a few months from now. So as and when they are operational because current demand is only on **operating** assets in about two months we will be able to start the process of selling three of our road assets.

Sagar Parekh: All the three Srinagar Banihal?

Goutham Reddy : No, not Srinagar Banihal. Marketpally-Addanki, Outer Ring Road project and Sehere-Kosmi project and we are also looking at some land sales in Pharma City, want to push the sale process of land probably we would realize money a little faster than normal.

Sagar Parekh: So about 200 acres of land is remaining, right?

Goutham Reddy: 200 acres of land is remaining. Our average selling price in the last 14 to 15 months would have been Rs. 1.1 crores to Rs. 1.2 crores per acre. We are willing to cut down on the expectation and try to push sale of land in Pharma City. So we are also looking at pushing some receivables from one of our residential real estate project which is Ramky Towers and try to get some receivables from there in a faster fashion.

Sagar Parekh: How much is the amount, sir?

Goutham Reddy: We have got close to about Rs. 80 crores to Rs. 90 crores receivable from this project.

Sagar Parekh : And who are the clients there who have not yet paid this amount?

Goutham Reddy: These are all residents individual....

Sagar Parekh: Okay, so that amount is Rs. 80 crores to Rs. 90 crores?

Goutham Reddy: Yes.

Sagar Parekh : It is quite big.

Goutham Reddy : I mean that includes some receivables and some unfold portion of the property also. And you know there are other than this in the company we are looking at promoter trying to raise some funds and bring it in to the company but that is also is the company's thing but once the promoter raises some funds by sale of some of his assets we will explore promoter funding some money in to the company

Sagar Parekh : And sir, in this Rs. 55 crores of provisions that you have done, in the annual report while on the page I think it is on the page 69 it is mentioned that these trade receivables of Rs. 42 crores plus Rs. 13 crores plus Rs. 1 crore, so is this is the same amount that has been provided in the current quarter which were not provided in FY13?

Goutham Reddy : See I do not necessarily reflect one to another but just to give you a macro picture I think the auditor's; it is a catch 22 situation based on the annual report the rating agencies have taken a harsh stand because in the annual report we have specifically... the auditors said CARO report where they said there have been delays in repayment of principle.

Sagar Parekh : No, what I am talking about is this trade.

Goutham Reddy : No, I am coming to that point. So based on the CARO report which says there have been delays in payment to banking sector the rating agency has gone harsh and rated us to D. And taking a cue from that the auditors are also wanted to be little more cautious they have made slightly more aggressive provisioning plan say whatever delays which are beyond reasonable business cycle so they want to create a provisioning and therefore for the next few quarters we can anticipate that the provisioning will be a little aggressive provisioning than being conservative on that.

Sagar Parekh: So this if I calculate the entire amount of provisioning of trade receivables, advances and inventories it is about Rs. 25 crores plus Rs. 46 crores which is Rs. 70 crores and another Rs. 55 crores, so out

of that Rs. 55 crores is provided in the current quarter so can we expect another Rs. 70 crores in the coming 9 months as provisioning number?

Goutham Reddy: Yes, I mean I cannot give you a specific number because it is a moving target because depends on how much is selected, how much is net outstanding, what is the age of that outstanding but yes, that kind of provisioning is likely to be there and there is going to be a slightly more conservative approach in terms of creating provisioning and providing a realistic situation is what the auditors are pushing a little far. And we are also in line with the thought I mean not that we are not in line with their part.

Sagar Parekh: And sir, can we have the order book breakup as of 31st June in terms of sector wise?

Goutham Reddy: Yeah, I think the total order book outstanding is about Rs. 11,300 crores and this is broadly coming from road a sector which constitutes 40%. But I must say a caveat of clear that two projects out of this which constitute close to Rs. 2100 crores which has been roughly about 18% of the order book is constituted by these two new projects the Agra-Etawah and Hospet-Chitradurga which are both not reached the appointed date. There is an element of delay that you can expect in this regard.

Sagar Parekh : Sir, this Hospet is the project where the mobilization has already happened, right, in terms of labor and machinery everything?

Goutham Reddy: Yes.

Sagar Parekh: And when are we expected to start the EPC work over here?

Goutham Reddy: The target date is 1st November but we have also sought to NHAI that there is a delay of two years so there has to be a compensation in terms of the cost escalation of the project. So the dialogue is still on with NHAI. Agra-Etawah certainly is not happening. Hospet-Chitradurga very good chance 1st November we will commence the construction.

Sagar Parekh: Yeah sir, please go on with the other order book breakup in terms of others?

Goutham Reddy: So both constitute 40% of its 20% is yet to commence that is what I wanted to caveat out. Water-wastewater constitutes about 17%, buildings constitute 17%, the irrigation project 14%, power is 5% and industrial is about 7%.

Sagar Parekh: And can we have the same break for sales as well?

Goutham Reddy: For sales the current period I think we are getting roads to constitute 45%, water is 16%, buildings is 20%, irrigation is 12%, power is 2%, and industrial construction is about 5%.

Sagar Parekh: And sir, last question from my side. I know I am asking lot of questions. Sir, if you can give me, which are the main subsidiaries which contributed to sales and PAT number for this quarter Pharma City, Enclave Tower, if you can give the breakup of sales and PAT?

Goutham Reddy: Highest contributed to revenue and profit this quarter has been Srinagar-Banihal which constitutes almost Rs. 12 crores of profit.

Sagar Parekh : Sorry how much revenue?

Goutham Reddy : Rs. 100 crores of revenue. But of course it does get offset with another Rs. 86 crores of revenue because there is a consolidation effect that happened.

Sagar Parekh : So net-net Rs. 14 crores?

Goutham Reddy : Net Rs. 14 crores revenue and about Rs. 12 crores profit comes from Srinagar-Banihal. Then I think most of these are quite moderate and N.A.M. Expressway constitutes about Rs. 40 crores of revenue, Sehore-Kosmi constitutes Rs. 21 crores.

Sagar Parekh : But Rs. 40 crores is the net effect or is the gross?

Goutham Reddy : Rs. 40 crores is the gross.

Sagar Parekh: So what is the net amount?

Goutham Reddy: Net would be about Rs. 10 crores.

Sagar Parekh: Rs. 10 crores and profit?

Goutham Reddy: Profit is Rs. 3.5 crores.

Sagar Parekh: Net?

Goutham Reddy: Net. This project is coming close to commencing so this quarter or October month we should be expecting commissioning of this project.

Sagar Parekh: The tolling have started, right in N.A.M.?

Goutham Reddy: No, N.A.M. we are expected tolling by October.

Sagar Parekh: And what is the expectation in terms of how much?

Goutham Reddy: We anticipate about Rs. 50 lakhs per day.

Sagar Parekh: Yeah, in Pharma City is how much sales and PAT?

Goutham Reddy: Pharma City is Rs. 20 crores sales but this quarter has been a loss.

Sagar Parekh: And how much is the loss?

Goutham Reddy: Rs. 1.5 crores.

Sagar Parekh: And Tower & Enclave?

Goutham Reddy: Tower & Enclave was marginal about Rs. 7 crores revenue in Towers and Rs. 4.5 crores revenue in Enclave. Towers' profit is Rs. 1.8 crores and Enclave is Rs. 0.3 crores.

Sagar Parekh: That Rs.14 crores plus Rs. 20 crores makes Rs. 34 crores plus another Rs. 11 crores equals Rs. 45 crores. I got it.

Moderator : Thank you. The next question is from Parvez Akhtar of Edelweiss. Please go ahead.

Parvez Akhtar : Sir, couple of questions. One, would it be possible to give the breakup of order book in terms of external EPC projects and our own captive **25:33** projects?

Goutham Reddy: Yeah, the external EPC constitutes 68% and about 30% is the in-house project and subsidiaries.

Parvez Akhtar : So the balance 2% is it international or...

Goutham Reddy: No, I mean I think the balance 2% is private largely the break up is 69% cash contract, 31% subsidiary. Of the 69% there is 2% from PSUs and 1% from Central Government, 56% from State Government.

Parvez Akhtar: And with a similar break up of revenues for the quarter be available?

Goutham Reddy: For the quarter revenue is similar 69% from cash contract and 31% from subsidiary.

Parvez Akhtar: And sir, if you could give details about the equity which has already been invested in BOT projects and what is pending?

Goutham Reddy: There are two large projects which have not received the appointed date which is the Agra-Etawah and Hospet-Chitradurga which we will keep aside for now. Out of the remaining projects, especially the road project which constitute largely let me first focus on that. N.A.M. Expressway fully funded; Outer Ring Road, fully funded; Jorabat-Shillong out of Rs. 42 crores we have funded Rs. 31 crores, Rs. 11 crores is to be funded. Sehere-Kosmi out of Rs. 22 crores, Rs. 14 crores is funded; the Rs. 8 crores is to be funded. So these are the two equities we anticipate will have to be funded in the current year. So that is about Rs. 11 crores plus Rs. 8 crores equals Rs. 19 crores and Srinagar-Banihal Expressway has to be funded by another Rs. 100 crores but that funding is expected to happen in FY15. So these are the only three equities that have to be funded in the road projects. The entire building projects are fully funded, Transports Terminal is fully funded whereas the Multi-Product Industrial Park which is the only other the industrial park, I think the equity portion is already fully funded we just have to procure some more land which is due to commission the project. So total equity other than the two road projects that we have to fund is about Rs. 119 crores, Rs. 19 crores in the current year and Rs. 100 crores is expected in the next year.

Parvez Akhtar: And in case the Hospet project starts from November, what would be the equity which we will have to infuse?

Goutham Reddy: In the current year we do not anticipate any further equity to be funded because though I mean in terms of equity when do we convert it into equity is the question but we have already, from a cash flow perspective, given about Rs. 100 crores to the company and this is currently in the form of short term loan to the SPVs as and when the project progress happens appropriately, we will convert it in to equity. We have not converted it in to equity because of the delay in appointed date and from ambiguity that is left out with the NHAI.

Parvez Akhtar: And sir, I missed the debt figure for the quarter, would it be possible to repeat that?

Goutham Reddy: As I indicated Rs. 1124 crores and may be a few notches here and there. See it is standalone of course. Consolidated would be Rs. 2,600 crores.

Parvez Akhtar: And sir, last question. Would it be possible to give the status of construction for the various BOT projects in terms of percentage completion?

Goutham Reddy: Yeah N.A.M. project is about 80% complete, and as I indicated we are expecting to get COD any time it is about 82% to 83% complete. Agra-Etawah it is as I said not yet started. Hospet-Chitradurga has not yet started, we are just mobilizing the project right now. Srinagar-Banihal is about 27% completed. Jorabat-Shillong is about 80% completed and Sehore-Kosmi is about 80% completed.

Moderator: Thank you. We have the next question from Sagar Parekh from Enam Holdings. Please go ahead.

Sagar Parekh: Sir, I wanted to understand on this employee cost front, as you have always mentioned since last two to three quarters that you are focusing on this reduction in employee cost, what would be the sustainable quarterly run rate of this employee cost going forward?

Goutham Reddy: No, I guess we should be able to bring it a little further down. I think currently you are seeing a reduction from the previous quarter and from the previous year you are seeing reduction from Rs. 34 crores as of few quarters back to Rs. 26 crores now. We anticipate that we should be able to bring this down to around Rs. 21 crores to Rs. 22 crores and maintain a balance there.

Sagar Parekh: And sir, your raw material cost this quarter, if I include the subcontracting and other contracting charges and I add that to net raw material so that would be about 86% that is compared to 79% YoY, any reason for this, so basically your subcontracting expenses have increased from 53% of sales to about to about 70%?

Goutham Reddy: See I think one thing is a lot of inventory and work in progress is not being able to be converted directly to invoice given some liquidity consensus and that is also one reason why the net revenue also is dropping. So we believe that with a higher amount of operating performance we should be able to achieve. See in some subcontracting cost there are also costs where revenue is not proportionate because subcontracting includes hiring of equipment which is part of subcontracting their manpower and other cost. So the revenue not being commensurate is causing some increase in direct cost though it reflected as direct cost some part of that in the subcontracting you would realize would be indirect cost.

Sagar Parekh: And would you like to give any kind of guidance for your sales and operating profit number for this year, full year?

Goutham Reddy: Well, historically we have not been giving guidance but I think it is fair that we should give you at least a direction. I think the company, the sector per se as you are all seeing is going through probably its worst ever crisis the order inflows have completely muted the cash flow and liquidity is quite the biggest challenge. As the company we have also revisited our macro plans. Our focus will be to consolidate the growth path and not focus too much on growth. We want to change our directions from revenue growth objective to profit growth as the objective and cash flow as the primary way to run this company. So we anticipate that next few quarters we will be a little more conservative in our result by taking conservative provisioning approach and ensuring that we strengthened the overall operating system and put pressure on the overall system. We will not be focusing heavily on revenue growth but we will be focusing more on cash flow and profitability improvement with time to come. I would not like to put numbers at this point in time.

Sagar Parekh: So then adjusting for the provisions can we expect about 7% to 8% operating profit margins?

Goutham Reddy: See I will put it as a function of liquidity if company's liquidity will come back to normalcy which could happen either by way of credit limit enhancement or by way of sale of assets. I think the EBITDA margin of 10% to 11% is still intact in the projects. We do not think that the projects operating margin has eroded at all.

Sagar Parekh: Okay, so 10% to 11% is possible.

Goutham Reddy: Subject to some externalities as I said...

Sagar Parekh: Increase in CC limits would then in turn increase your interest cost?

Goutham Reddy: Yes, it will certainly.

Sagar Parekh: And any guidance on the order inflow number for the year?

Goutham Reddy: We have actually targeted around Rs. 3,000 crores for the year but things do not look as promising but we continue to maintain that as the target.

Sagar Parekh: Okay and in the near term any good or big projects in the pipeline?

Goutham Reddy: There are I mean we are at least L1 in close to about Rs. 800 crores of orders which we are waiting to get confirmation. We will have to see when government will actually decide on these contracts.

Sagar Parekh: These are largely state orders?

Goutham Reddy: Predominantly state orders, yes.

Sagar Parekh : And these are in which segments road or...

Goutham Reddy: I think in very similar proportion in many segments.

Sagar Parekh: Largely in to water and wastewater and building, right?

Goutham Reddy: Largely in to water and building as I said.

Sagar Parekh: I hope you manage to get Rs. 3,000 crores of order infra number this year.

Goutham Reddy: We require a lot of support from everyone because these are right time for the sector.

Moderator: Thank you. The next question is from Manali Shah from CRISIL. Please go ahead.

Manali Shah: Sir, most of questions are answered. Sir, just wanted some more clarification on the Agra-Etawah project, like how are the things progressing, is it stuck mainly due to clearances or even land has not been acquired?

Goutham Reddy: No, Agra-Etawah there are four factors on which NHAI has not been able to achieve. One, as you said in the land acquisition. Second, the environment clearances are not achieved. Of course now liner project environment clearance there has been a new direction but it has been 18 months that the environment clearance was not there. Third the project, 50 kilometers of the stretch starting from Agra falls under the Taj Trapezium for which cutting of trees require Supreme Court's permission which has not yet been granted to this project and forth which is also important is there is an announcement and RFQ has been announced for a competing road which is Agra to Lucknow which the State Government has taken up that road. So these four factors are almost give us a hint that this project will not take off in the near term.

Manali Shah: Okay, may be because that substitution agreement and everything may be pending?

Goutham Reddy: No, not substitution agreement, primarily as I said NHA not been able to achieve the conditions given.

Manali Shah: And sir, just wanted some light on how are the things moving in the irrigation sector like is there a much delays in payment from the irrigation side?

Goutham Reddy: No, there are no delays in payment in irrigation side but a few projects which have not started or not moving out of the Rs. 1600 crores irrigation contract we have about Rs. 500 crores constituted by one project for Dummugudem project is not actually taken off. So there is about Rs. 500 crores of ideal order book in the irrigation.

Manali Shah: So when do you expect that to start moving may be?

Goutham Reddy: I would tend to think it would not happen until the new Government comes.

Manali Shah: And are there any states which are at the forefront of when it come to awarding of the irrigation project, are there any states are you seeing some kind of tandem?

Goutham Reddy: No, I would not differentiate one from another. I think it is a very similar picture and I would not differentiate that irrigation projects are having stuck cash flow, no. I think there has been reconciliation, projects that Government want to complete that going on time. Whatever they believe the cash flow difficulty will be that they have completely kept on hold and progressing on others when they want to complete.

Manali Shah: So there are projects which are either stuck at the start rest are executing matter of same thing.

Moderator: Thank you. The next question is a follow up from Parvez Akhtar from Edelweiss. Please go ahead.

Parvez Akhtar: Sir, just wanted to check the status of the land acquisition and the clearances for the Hospet - Chitradurga project?

Goutham Reddy: The environment clearance has been achieved. On land acquisition it is substantially done, they are close to about 74% to 75%. We are waiting for the balance 5% to 6% to be completed and we have also requested NHA is that now that it is almost 20 months since the bidding there is a substantial rise in cost of bitumen and other components. So we sought compensation for cost escalations.

Parvez Akhtar: Is there any forest clearance required for this project?

Goutham Reddy: There is a very small stretch of forest clearance. But it will be achieved; it is not a complex one.

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

Goutham Reddy: So thank you all very much for your continued support. These are tough and tiring times for the infra sector. I think our company will be able to handle these difficult times, quite well and I am confident that we will come out of the troubled time for the sector and look forward to your continued support and we will do whatever best the company should. Thank you all very much for being with us.

Moderator: Thank you, sir. On behalf of Ramky Infrastructure Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines.

**Modified wherever necessary as per actuals.*