"Vascon Engineers Limited Q3 FY2018 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Vascon's Engineers Limited Q3 FY2018 earnings conference call. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Dr. Santosh Sundararajan, CEO of Vascon Engineers Limited. Thank you and over to you Sir!

Santosh Sundararajan: Thank you. Good morning everyone. On behalf of Vascon Engineers one of the leading Construction and Engineering Company, I welcome all the participants for taking out their time to participate in our earnings call for the third quarter and nine-month of FY2018. Joining me on this call with Mr. Rajesh Mhatre, CEO Real Estate, Mr. D. Santhanam, our CFO and Mr. M. Krishnamurthi, our Chief Compliance Officer and Stellar Investor Relations, our advisors for Investor Relations. The investor presentation for nine-months FY2018 has been uploaded on the exchanges and I believe you would have gone through the same. As discussed during the previous earnings call, we have made sincere efforts to reinvent the company and geared up to scale new heights.

For the benefit of the audience who are new to Vascon we have simplified the company's business focus into three buckets, EPC, real estate and asset for sales. We are working towards enhancing the efficiency of all these buckets.

In bucket one, we have EPC business, which is currently having a total order book of Rs.901 Crores, the third party order book is Rs.668 Crores and Rs.233 Crores are internal orders from our real estate division.

In bucket two, we have the real estate development business where we will be primarily focusing on launching affordable housing projects and also be including the launch of the remaining phases of Forest County project in Kharadi and re-launching the Windermere Premium project in Koregaon Park.

In bucket three, we have noncore investment such as the commercial property in Mumbai, hotel in Goa and various other identified assets, which we are looking to monetise as we go forward. Our focus for growth in future would be clearly the EPC business and the real estate development primarily in affordable housing space. We have senior and experienced personnel looking at the progress in all three buckets with the management team working hands on with them.

Before I elaborate more on the three buckets let me highlight that for the better understanding and clarity on the performance of our EPC and real estate division we have provided the performance of both this divisions separately in the investor presentation. We have also taken the initiative to report the internal order book for our EPC division from the real estate launches for this quarter.

Before I touch upon each segment in detail, I would share the EPC and real estate business performance in brief for the nine-month period of FY2018. Please note that as accounting practice currently internal orders of EPC from the part of real estate. During nine-months of FY2018, EPC business recorded revenue of Rs.194 Crores with an EBITDA margin of 14%. In real estate the company recorded revenue of Rs.98 Crores with an EBITDA of about 3%.

I will now provide you the update on the EPC business. Our current order book is Rs.668 Crores from third party and another Rs.233 Crores of internal orders. We have till date in FY2018 received external order inflow of Rs.370 Crores, which includes Rs.230-odd Crores of low cost affordable housing in Andhra Pradesh. Internal orders of Rs.233 Crores include orders of our real estate launches comprising of Platinum Square Windermere and Forest Edge. We have around Rs.1000 Crores of orders in pipeline to be procured in the next 8 to 12 months, which is a mix of both private and government orders.

Moving on to the real estate under the able supervision of Mr. Rajesh Mhatre, we have successfully launched and fully sold phase II of Platinum Square an ultramodern luxury boutique office and also Forest Edge, which is a residential project of 80 units. As said earlier we will primarily be focusing on launches of affordable and low cost housing projects in the future as a target customer segment will be self-employed and low salary personnel with fast moving product mix of Studios, 1BHK and 2BHK apartments. The strategy is to generate better cash flow in each project while liquidating significant inventory at the launch of the project.

We have identified couple of land parcels for affordable housing project launches in Pune, one of the parcels in Katvi, which is owned by us with a potential of about 0.5 to 0.6 million square feet of developable space. We expect to launch with this project in Q1 of the coming year as we are currently waiting for a few approvals. The land parcel is also in Talegaon where we have joint development agreement with the landowner. The total developable area there will be about 1.2 million square feet.

Moving on to our third bucket, which is liquidation of noncore assets. We are aggressively looking to liquidate the noncore assets and used to proceeds for the growth of both our EPC and real estate division. The cash flow generated till date will be utilized towards repaying high interest bearing debt and as working capital for our ongoing projects. With regards to our strategy of moving out of the loss making services division in our subsidiary GMP Technical Solutions, we have sold this division in November 2017 for a consideration of Rs.18 Crores. We are continuing with the profitable manufacturing business of the subsidiary.

Moving on to the financials, we have made sincere efforts to optimize cost across all business segments and strengthen our balance sheet. During the year we have been assigned the stable rating of SMERA BBB- for companies long-term fund based facility and a SMERA A3 for company short-term and non-fund based facilities. This will help us in enhancing our working capital limit and effectively reducing our borrowing cost.

During nine-months for FY2018, the company reported a total income of Rs.239 Crores as against Rs.199 Crores in the nine-months of FY2017. EBITDA for the nine-month FY2018 was at Rs.26 Crores as compared to Rs.32 Crores of previous year. Profit after tax is Rs.5.5 Crores for the current year as compared to Rs.3.6 Crores in the previous year.

The company did new sale booking of 1.9 lakh square feet amounting to a total sales value of Rs.140 Crores in the nine-months of FY2018 in our real estate division and against new sale booking of 1 lakh square feet for total sale value of Rs.60 Crores for the full financial year 2017. New booking in the nine-month FY2018 does not include figures for Forest Edge, which was launched in Q4 and also has done significant sales. With this we can now open the floor for questions and answers. Thank you very much.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin with the question and answer session. We have a first question from the line of Vipul Shah from AB Capital. Please go ahead.

Vipul Shah: Santosh basically the two questions, the first question I actually want to take a step back and in the beginning of the year in the conference call we said that FY2018 we should be doing around Rs.500 Crores of new EPC order intake and we will be launching for new real estate projects in this year so you are giving some of the details in your opening speech and I would like to hear also from you that where we are in that and how do we look at next year?

Santosh Sundararajan: Out of the Rs.500 Crores, we hope to bag third party orders, we have already bagged Rs.370 Crores this year and another Rs.160 Crores of orders is that final stage of negotiation with our clients and hopefully we will be able to announce those good news shortly so I think we are on track to achieve more than Rs.500 Crores third party order intake and also parallelly we have got Rs.200 plus Crores internal order intake so I think our order book is only on the EPC side, the order book is only going upwards and strengthening. Next year hopefully we should as I said we have Rs.1000 Crores of order pipeline, which we are working on hopefully we will definitely achieve more than Rs.500 Crores as a target for the next financial year as third party EPC order intake with our OBG limit opening up and our banking support getting better. The challenges to bag orders are reducing and I think we should definitely poise to do much better in order in terms of ordering intake in EPC next year. In terms of real estate yes we had mentioned four launches, four launches we were talking about Platinum Square, Forest Edge, Windermere and Katvi low cost housing. I will leave it to Rajesh to update you on the status of each of these launches.

Rajesh Mhatre: As far as the real estate launches are concerned, we are on track. We have already done a couple of launches to start with Platinum Square which was the first launch followed by Forest Edge. We would be launching Windermere. Windermere was supposed to be launched in February in fact. It is getting delayed or buy another may be 20-odd days. We would be launching Windermere in the first week of March, which will be followed by Katvi. Katvi was supposed to the launch by March end and April start some couple of approvals are getting delayed due to which we have to postpone it by a month or two, but as far as real estate launches are concerned yes we are on track and we should be launching them as mentioned earlier this year.

Vipul Shah: Rajiv in terms of launches it is good but how does in terms of the two, Platinum Square which you spoke about and Forest Edge which we have done in the fourth quarter how had been the sales and the collection?

Rajesh Mhatre: With regards to Platinum Square, we have given positively surprised that was the first launch of the real estate wing. It has been by far the once we most premium boutique office projects in Pune, Vimannagar. We have managed to sell it completely and the total size of that launch was close to Rs.50-odd Crores again Forest Edge, which we launched just recently again in this tough market, we have launched this particular project at premium to the prevailing market price and still we managed to sell of the entire projects successfully that was close to Rs.55-odd Crores. So again this two set of launches where one was boutique office, second was aspirational segment and now we in completely focused manner have shifted our guess to Windermere because Windermere is challenged for us and ultra luxury project one of the best projects you can have in Pune and we are very, very confident the way the project has shaped up and the buzz which is around the project the strategy, which we had implemented for this project and we are planning out successfully and we are hoping that we should be having just relaunched will also be successful relaunched.

Vipul Shah: Rajesh in terms of collection from Platinum Square and Forest Edge? Or if we can give me broad idea like I cannot need the exact number, but how has been the collection from Platinum Square and Forest Edge.

Rajesh Mhatre: Punit, can we just tell us exactly what the collections for this particular project are? I would not have it handy see the Platinum Square from phase I and phase II of the total collectable I think the only outstanding collections could be Rs.30-odd Crores from phase I and phase II the total collection in fact Puneet, can you ride us with the collection?

Santosh Sundararajan: Vipul, basically Platinum Square Phase I is completed so I think there is any not much of collection left over there. Phase II is about 60%, 70% completed and the collections from the customers are happening as per the stages so there is no issue basically it is fully sold out so the collection is happening us for the stages committed in the agreement. In terms of Forest Edge we have a total sales of Rs.55-odd Crores out of which 20% is due and collected to the tune of Rs.8 Crores is collected the balance will get collected as stages get achieved over the next 12 to 18 months.

Vipul Shah: How is the status of launches in FY2019 so let us say if we do Katvi around April end or May let us say we do in the May after that how is the pipeline and what are we really planning?

Rajesh Mhatre: For the year in fact we have done the first tower of Forest Edge and Forest Edge we have one more tower and in Forest County we have two more towers. All are exactly similar 80 units each so we should be having these launches spread across may be the next launch of next Forest Edge will be somewhere around August and may be Diwali we will be launching the other two towers of new Forest County. The total saleable in terms of 380000 square feet each of all this four towers after that we have the launch for the larger affordable land parcel roughly is 1.5 million square feet again in the Talegaon, which we are hoping that we would launch the first phase of that particular launch somewhere around Diwali post that we also have Tulips phase III one of our projects in Coimbatore, a small project 2 lakhs square feet, which will be launching in Coimbatore and then we have an affordable housing launch, which is large project in Madurai so first phase of that launch should happen. Meanwhile we are also in discussions for various other joint ventures so depending upon what fits because initially you could easily plan this kind of launches presently unless you have all the approvals in hand, you have RERA registrations unless you have everything in place it becomes difficult for us to go ahead with that particular launch so that adds the only bit of uncertainty to the launches, but yes we have very, very strong launch pipeline if you want to say at least for the next one and one-and-a-half years we have a very strong launch pipeline.

Vipul Shah: One last question, I was looking as the presentation and there is a slide where we have given the EPC and real estate breakup in terms of revenue and EBIT and expenses if you can just explain to me because this does not match with the statutory segmented disclosure also and if you can just explain me the basis in which you have preferred that one?

Santosh Sundararajan: This is the first time we have actually attempted to do this exercise and share it with the investors because I think it was high time we sort of measured ourselves as two separate divisions. We have been talking three buckets and then we have had a separate real estate team with the new estate CEO, so we thought high-item we start measuring our own performance division size internally and sharing this with the investors. Now the basis for arriving at this is it is I would say it is derived P&L statement, which is derived from the statutory balance sheet in the first place. From the topline perspective, there are two additions one in the real estate P&L, statutory balance sheet does not permit you to take the topline of project in Ajanta, which is our Forest County project because that is the partnership company and therefore the topline normally does not come to our balance sheet for purpose of this presentation about Rs.30 Crores of our share of topline from Forest County, Forest Edge, Ajanta Company has been taken into this presentation and also because we are segregating this internal order book from the real estate division to the EPC we have taken out the construction or the construction expense has an additional order from the real estate division to the EPC division so the EPC division has done about Rs.160-odd Crores in three years from third party and then added Rs.37 Crores has been executed for our internal real estate team. So we have added that to the EPC topline so these are two changes we have done from the statutory balance sheet to reflect the reality in terms of two separate divisions then going down in terms of costs, the direct costs are quite clearly available to us from our accounting system as to what belongs to which project and so that is not challenge at all. The indirect costs we have actually put down the list of employees and divided clearly which employees clearly belong to the real estate function, which employees are clearly working in the EPC function and the third set of employees the corporate overhead employees who are common to both and we have divided the cost of common employees equally between the two divisions and the direct employees which are belonging to those divisions, we have kept their costs in those division. The last part is depreciation, I think again in depreciation the construction equipment depreciation has been calculated separately and loaded purely on the EPC division any assets that we own in terms of real estate asset like Caledonia project some of them, depreciation of those have been kept on real estate division and other common depreciations of furniture and computers and stuff like that are again divided equally between the two. So I think this has been the basis of arriving at these two separate P&L just to give us so that we are able to track our own performance as two separate entities.

Vipul Shah: This is definitely more helpful dividing the two P&L and thanks for the answer.

Santosh Sundararajan: We will try and get probably continues this practice quarter-on-quarter and see so that we are able to compare the performances quarter-on-quarter for each division.

Vipul Shah: Thank you.

Moderator: Thank you. We will take the next question from the line of Hitesh Arora from H&A Investments. Please go ahead.

Hitesh Arora: Congratulations on a good numbers. My first question is as we have gone through the presentation, EBITDA margin in the real estate is very low around 3% so can you explain the reason and what is the strategy going forward to improve the margins?

Santosh Sundararajan: I will just explain on behalf of Rajesh over here. The simple answer to that the gross profit even real estate we have done about Rs.100 Crores, the gross profit is in the range of 27%, this should probably been in the range of 30%, which will happen probably as the new project unfolds, but the real reason for EBITDA being sold is purely because this is the first year and we have taken in new real estate team and the overhead costs have added up this year and the launches that happened the effect of these launches on a topline will only pan out over the next year or two so I think that when you will start the EBITDA go up because this year is very simple it is overheads that is eating up that margin.

Hitesh Arora: Okay. The next question is on EPC division we have capacity of around 8 million square feet per annum so are we bidding for any new projects I mean if there are any new order pipeline and what will be run rate in the coming year?

Santosh Sundararajan: Yes as I said see we are at very advanced stage of closing out orders was about Rs.160 Crores so hopefully I should have some good news to share in the coming few days. Other than that we are continuously bidding. As I explained in the previous quarter as well there still remains slight restriction in terms of EPG limits and BG margins available to us, but our discussions with the banks are at a very advanced stage once our rating has improved and our compliances have been ordered in for longtime now so the banks are looking at us in a much more any amicable manner and FDI who is our primary banker is now at a last stage of renewing with much better terms our facility with them and also assessing us for higher BG limits once that assessment is out we will then approach few other bankers or a couple of other bankers to perform a part of the consortium and give us BG limits so I think this financial exercise has been taking a little bit of time over the last two to three months, but it is moving very well and pretty soon which should have those limits in place. The reason I am emphasize on that is one source limits are in place are ability to bid for multiple projects at a time increases right now we are picking and choosing little bit because our BG limits are not in abundance for us to bid for every project that we would like to try and bid for. But having said that there is very short-term, I think we are almost at the end of tunnel as far this banking issue is concerned it should be over definitely before March so next year we will definitely have a higher target of order booking for ourselves.

Hitesh Arora: How much revenue potential we can see coming quarters and in FY2019?

Santosh Sundararajan: Hopefully I would not want to segregate on numbers specifically but Q4 will definitely look better than the average of first three quarters or in fact Q3 was better than Q2, Q4 looks much better than Q3 in terms of topline. So again I would not want to put numbers to it, but it will definitely be more than linear growth.

Hitesh Arora: Sir next question is related to our subsidiary GMP, what is the performance for this quarter and what will be our expected FY2019 revenue expectation after the exit from our service division?

Santosh Sundararajan: I think we will not talk about the numbers of the service division that will hit the balance sheet this year because I think half way in the year we got rid of it, but in terms of the profitable manufacturing division, in nine-months we have done Rs.118 Crores of topline and the EBITDA is about 7%, 7.5% as this topline increases this EBITDA would also quite clearly increase so I think rather I would not want to put the number to it, but again the growth in fourth quarter is more than or rather what will achieve in the fourth quarter would be more than what we have achieved us as an average in the last three quarters. So you could sort of extrapolate and arrive at the number.

Hitesh Arora: Sir last question from my end, what is the potential cash flow we can expect to generate in FY2019?

Santosh Sundararajan: You mean from sale of noncore assets or we generate cash flows from live real estate project as well. I think the more important cash flow that we want to focus on is the noncore assets because those would directly help us as growth capital or capital to reduce debt. We have sold about Rs.140 Crores worth of real estate this year. We have collected close to Rs.70 Crores, Rs.80 Crores worth of money some of that is noncore old assets, which were lying with us. So I do not know exactly how to answer your question in terms of cash flow for FY2019.

Hitesh Arora: Thank you so much Sir.

Moderator: Thank you. We will take the next question from the line of Nandish Shah from Nirmal Bang. Please go ahead.

Nandish Shah: My question is regarding are they any plans to raise funds?

Santosh Sundararajan: We are constantly looking to raise short-term debt capital may be roll over some because we do have working capital, let us we have raised a little bit of capital from Edelweiss in the last couple of quarters and run down that to compete our Windermere project, but the other hand we have also paid back a few other debts so this process I think so when we launched Katvi, we would definitely in the initial period need a little bit of project funding, which we will try to raise specific to the project, but at the company level we are not yet looking at any raise of capital.

Nandish Shah: My second question is regarding the tax front I guess in the September and December quarter, effective tax rate has been zero so can you throw some light regarding will be paying any tax in Q4?

Santosh Sundararajan: This is actually we have huge amount of carry forward losses over the last three years. I think primarily that is the reason and also because now by Ind-AS we do not reflect the tax that we pay in our Ajanta which is a partnership project where we do have taxes that used to come in our balance sheet as tax paid earlier now it does not come, other than that I think in all we have merged all other companies we are all in Vascon and in Vascon we carry forward losses.

Nandish Shah: Thanks Sir. I am done with my questions. Thank you.

Moderator: Thank you. We have the next question from the line of Abhilasha Satale from Dalal & Broacha. Please go ahead.

Abhilasha Satale: Sir actually what kind of investments we are looking into real estate or say FY2019 when we are starting the other two projects?

Santosh Sundararajan: One is what kind of investments we are looking in real estate and the other part?

Abhilasha Satale: When we will start the other you mentioned two towers, so what kind of investments we are looking for those?

Santosh Sundararajan: Before starting the rest of the towers in Forest Edge we are absolutely not looking for any investments. Forest County any which ways is very cash surplus project. We have sufficient cash flows as far as the launches of the next order Forest Edge and couple of towers in Forest County concerned. With regards to can we just extend, I do not know whether you want to understand that, but for our affordable housing project in Katvi in fact yes we would require capital. We are in talks with banks for raising the short-term capital, but that is just small project funding not more than Rs.25-odd Crores to Rs.30-odd Crores we are looking for the launch of particular project.

Abhilasha Satale: Thank you.

Moderator: Thank you. We will take the next question is from the line of Kirit Gogri, an Individual Investor. Please go ahead.

Kirit Gogri: Thank you for taking my question. I have two questions first is about what is the current consolidated debt as of today? And second is what is the fixed cost of our real estate division on fully loaded basis because I understand you are still recruiting people and by March you will have a full team in place so after that in FY2019 what would be the total fixed cost of this particular division?

Santosh Sundararajan: In terms of debt at a consolidated level we are Rs.290 Crores that includes debt in GMP as well as all the debt in Vascon. And to answer your question regarding overhead or fixed cost in the real estate division, the bulk of recruitment has happened a very little bit of it continues to happen depending on project launches. In terms of number I think will have to get back in terms of specific numbers what exactly is a fixed cost.

Kirit Gogri: Thank you.

Moderator: Thank you. We will take the next question from the line of Jigar Shroff from Financial Research Technology. Please go ahead.

Jigar Shroff: Sir I had two questions; one is what would be the consolidated debt at this point of time in the balance sheet and the rate of interest that we are paying and how much is our rate of interest to looks after the rating upgrade we got and the outlook on debt going ahead I mean does the company intent to be debt free over the next two to three years?

Santosh Sundararajan: Yes I just said the consolidated debt stands at Rs.290 Crores. This includes Rs.40 Crores of debt in GMP, which is our subsidiary. The cost of fund has come down. Currently on an average on this debt it is in the range of about 12%, which used to be little bit earlier. Now after the rating we have talked to the rate of interest that SBI would be charging on CC limit will definitely be coming down by good amount, but the revised sanction from them is spending, which will happen anytime now and so I think we will looking at numbers close to 10% in terms of CC limit, but we were only now to sanction comes in exactly.

Jigar Shroff: So the consolidated rate is approximately 12%, which you expect to go down to 10% over the next couple of months?

Santosh Sundararajan: Starting next year, I think the interest rate would be down unfortunately for us this year even if the rate has been reducing most of it has been happened in the last quarter or the last two quarters so the first two quarters get it have a higher rate, the next year starting from March itself we will be having a lower cost of borrowing, which will reflect definitely on our balance sheet. So you are right may be starting the next quarter hopefully our average cost of borrowing should be lower from 12 to closer to 10.

Rajesh Mhatre: I think Santosh is talking about the cost of borrowing how the working capital limits overall consolidated I think we will need to come back because it is exceptional.

Santosh Sundararajan: Because it Rs.1260 Crores including the NCDs that we have.

Rajesh Mhatre: Yes including NCDs. Okay. NCDs are at lower rate.

Jigar Shroff: So Rs.290 Crores of the consolidated debt and current cost is about 12% which you anticipate to go down about 10% starting from FY2019 onwards right?

Santosh Sundararajan: You are right that is the attempt. See we do only high cost loans we are currently carrying is one on Windermere, which is from Edelweiss so that we will also be definitely bringing down those interests in one way or the other over the years if not brining down the entire debt itself we will also work on bringing down the cost of borrowing for that project also. So yes next year target should be at least couple of basis point lower.

Jigar Shroff: The outlook on debt going ahead looking at divestment of your noncore assets and also cash generated from existing businesses I mean over the next two to three years does the company anticipate to be debt free or something I think that is the vision right?

Santosh Sundararajan: Yes that is definitely the target.

Jigar Shroff: Over the next two to three years?

Santosh Sundararajan: Yes.

Rajesh Mhatre: Just to answer that question more elaborately debt free the large chunk would come once post we sell off GMP as a unit so we are in the process of doing that it can happen in the next financial year or the next budget, we are focused on exiting out of the GMP that will bring significant cash flows and will keep our company on track to be debt free. In the interim yes there would be certain project based funding that would be required for those real estate launches, but those would be small project level debts that would be taken by the company. We are constantly looking forward for generating cash flows because there is growth capital that is required for tying up new joint ventures starting up new projects because it is not, those are good old days that you could easily launch particular project now you need to have all the approvals in place, you need to have everything in place so which also asks for that there is significant investment upfront because nowadays the government approvals are also not cheap so there is certain level of investment that is required just to keep the company and the project pipeline the launches on track.

Jigar Shroff: Now is my follow up question would be what would expected valuation of the GMP division that we have sold out to Mumbai any ballpark figure which you would expect or something in terms of divestment?

Santosh Sundararajan: It is to speculate on a value but what we can since we have done Rs.118 Crores of topline this year in nine-months so if you extrapolate this and it is not on an average so I think we should achieve more than 160, 170, close to 200 and next year if we are able to grow at about 15%, 20% on topline, this EBITDA will definitely go upwards of 11% to 12% so valuation from there I think is a matter of EBITDA multiples that the industry might give us, but I think that is why we are targeting the company internally to go out next year.

Jigar Shroff: So I mean any ballpark I mean what would you anticipate and something?

Santosh Sundararajan: I do not think we can speculate on because lot of factors would be involved on specific valuation in terms of who is the suitor and what the industry gearing towards, but what we can tell you is that we are focusing very specifically on ensuring that the performance of the company improving quarter-on-quarter and next year we would have left all cancer behind and will be 100% running towards growth in both EBITDA and topline.

Jigar Shroff: So FY2019 GMP could be PAT positive you are saying?

Santosh Sundararajan: Yes.

Jigar Shroff: How much is the loss for the first nine-month any figure for GMP nine-months would be?

Santosh Sundararajan: We have not actually done the audited balance sheet or done, I do not know the exact numbers, but of course the next quarter we will have to close out the balance sheet and clearly reveal.

Jigar Shroff: Any I mean vision statement that what we could how do you seek company shaping up in terms of revenue over the next in the medium terms over the next two, three, four years I mean in terms of topline profitability Sir if you could share some light on that?

Santosh Sundararajan: I think only say that the worst is far behind us and we are at point where we have been curing all the smaller legal and if I am say some diseases that were there in the system all of that done so clearly the market is also looking good with all the infrastructure emphasis from this government I am sure low cost housing has been buzzword, which is slowly really catching up in terms of action on the ground so with all of that happening and with our banking limit also getting better, I think really speaking there are no excuses or impendent to growth going forward again whether it is 15%, 20%, 25%, 30% year-on-year growth only time will tell but definitely we will be looking for good growth in terms of both topline and bottomline in both EPC and real estate, and the real estate side we are as Rajesh said we are talking already we have a team that is looking at new land parcels in and around Pune and outskirts of Mumbai for tying up new JVs in the low cost housing real estate and in terms of EPC of course we are bidding for whatever buildings across India, which we think we would like to or we are capable of building. So both these divisions over the next two to three years look extremely promising, extremely positive and so any percentage of growth should not surprise us.

Jigar Shroff: Your land banks that you are holding which is fully paid I believe the biggest chunk or parcel of that is it the Thane land parcel Sir about 150-odd acres I think it mentioned one of the earlier concall right?

Santosh Sundararajan: That is right.

Jigar Shroff: What is the plan you have on that project Sir on that land parcel?

Santosh Sundararajan: I think answer remained consistent over the year and we have been asked about this year I think it is not yet crystallized or hot enough for us to give a specific target on we will do on that land. It is definitely gold mine lying with us. It is 150 acres out of which 50%

belongs to us for 75 acres of prime land just on the outskirts of Thane. It is not yet in the residential zone in terms of the DP plant. We are awaiting the next DP plant revision where we are expecting it hopefully to the classified as developable land and then a little bit of consolidation is needed on that land to make it continuous and ready for launch, which will need a little bit of capital so once we see brings it to developable zone we will then specifically look at that as a target how to really start the development on that, but it is safe to say that for the next couple of years I do not think numbers from that land parcel would be hitting our P&L or balance sheet.

Jigar Shroff: Thank you Sir. Thank you for taking my questions.

Moderator: Thank you. As there are no questions from the participants, I now hand the conference over to Dr. Santosh Sundararajan for closing comments.

Santosh Sundararajan: Thank you everyone for participating and we will see you all again next quarter. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Vascon Engineers Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.