



“Vascon Engineers Ltd Q2 FY17 Earnings Conference Call”

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Moderator : Ladies and gentlemen, good day and welcome to the Vascon Engineers, Q2 FY17 Earnings Conference Call, hosted by Prabhudas Lilladher Pvt. Ltd. As a reminder all participant 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 “*” and then ‘0’ on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kunal Sheth from Prabhudas Lilladher Pvt. Ltd. Thank you and over to you, Mr. Sheth.

Kunal Sheth : Yeah, hi, thank you very much. Good morning everyone and welcome to the Vascon Engineering call. I would like to welcome the management of Vascon Engineering on the call. From the management we have Mr. Santosh Sundararajan, CEO of the company, Mr. D. Santhanam, the CFO and Mr. M. Krishnamurthi, the Chief Corporate Affairs Officer. Sir, I would request you to give some opening marks and then we will open the floor for Q&A, over to you, sir.

Santosh Sundararajan : Yeah, thank you.

Good morning everyone. I welcome you all to the post earnings conference call for quarter 2 of financial year 2017. I have with me on call Mr. Santhanam, our CFO, senior team members Mr. Krishnamurthi, Mr. Punit Biyani and Stellar Investor relations, our advisors for investor relations.

We have made considerable progress in moving towards consistent profitability in our business segments. Our efforts of cost optimisation, reduction of overall debt level and generation of additional cash flows have resulted in improved profitability and strengthening of the balance sheet. We have made significant progress on monetisation of certain non-core assets. During the quarter we have also sold our land parcel in Coimbatore and have generated a cash flow of 6.5 crores. The board has approved sale of our holdings in our Viorica Hotels, which houses holiday inns in Pune properties for a total consideration of 15.6 crores. In addition to this, we will also see 4.2 crore of loan which was given to Viorica. The total cash flow for Vascon from this transaction would be about 20 crores. We have already received 14 crores out of this and the balance 6 crores is yet to come.

I had mentioned in the last quarter we are also expecting incremental cash flow from IT refunds. We have already received order from settlement commission excluding assessment year ‘13-14 and are awaiting a refund of around 18 cores. In the EPC segment, the company has a third party order book of 618 crores as of 30th September, 2016, with the residential segment contributing about 80% of this order book. In the real estate segment our current land bank of 310 acres is fully paid for, where our share of developable area is 16 million sq. feet. The cumulative area sold for projects under constructions is 2.58 million sq. feet amounting to a sales value of 1093 crores.

Coming to our clean room partition, the facility is operating at full capacity and we have inaugurated a third manufacturing plant in Bhiwandi during the first half of this year. The new set up is the state of the art sheet metal fabrication and modern coating facility. The built up area of the factory is about 60,000 sq. feet with 100 trained and skilled manpower. The annual capacity of the new plant will be 20 lakh sq. feet panel and 36,000 steel doors. Strategically this plant will help GMP to boost its business in export market and Western and Southern Indian region. This is the great demand of, there is great demand of clean room partition in India and abroad. And we are well positioned to capture this huge opportunity.

And now I will give you brief summary of the standalone results of Q2 of FY17. Please note we have declared standalone results for this quarter as the company is migrating to Indian accounting standards. The company on a standalone basis recorded revenue of 53 crore in Q2 of FY17 as against 76 crore Q2 of FY16. EBITDA for Q2 FY17 was 13 crore that compare to 7.5 crores in FY16. EBITDA margins improved significantly to 20% in Q2 FY17 from 9% in Q2 FY16. The company reported a total comprehensive income of Rs. 0.9 crore in the Q2 of Financial Year 2017 against the total comprehensive loss of Rs. 7 crore in the same period last year. During the first half of the Financial Year 2017 we did new booking 65,780 sq. feet amounting to sale value of 41 crore.

Clean room partition, there is a manufacturing division, recorded revenue of Rs. 86 crore in the first half of Financial Year 2017. A growth of 50% year on year. Services division recorded revenue of Rs. 31 crore in the first half of FY17. The company has repaid debt of around Rs. 20 crore in the first half of FY17. Total consolidated debt as per Indian GAP stands at 254 crore.

Government emphasis on housing for all and development of affordable housing opens up favourable opportunities for the company. We are working on couple of locations for affordable housing. In EPC, we are selectively and cautiously bidding for new projects and hope to win a few orders in the coming months.

This is all what I have briefly to share right now. Thank you, we would now like to take questions.

Moderator : Sure, thank you very much. We will now begin the question and answer session. Participants, who wish to ask questions, can press '*' and '1' on their touch tone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to only use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have the first question from the line of Viral Shah from SBI CAP Securities, please go ahead.

Viral Shah : Hello, yeah, good morning sir.

Santosh Sundararajan : Good morning, Mr. Viral.

Viral Shah : Yeah, sir, basically first of all in terms of EPC are we on track for achieving the revenue growth rate for FY17 on standalone basis for the EPS segment because when we look at this quarter there was a dip in EPC revenues, right. So, going forward are we on track for achieving our guidance of FY17?

Santosh Sundararajan : Yeah, actually the dip in revenue on EPC for the last two quarters has primarily been because of our Tamil Nadu project. In our assembly project which was giving us a good run rate of, you know 6, 7 to 8 crores a month last year and that has temporarily been put on hold due to some administrative issues within the, between the PWD and the government of Tamil Nadu. So, they are waiting certain approvals, post which our project should resume and there's still a good amount of order backlog there plus a new order which awaits us on the same site. So, actually that paper has, you know, reached its last table I presume. So, we should, we expect that we should get a go ahead very soon. So, in the last quarter we do hope to see some revenue coming in from that project which will at least bring us closer to our targets for the year.

Viral Shah : Okay, any other projects which are stuck during the quarter or maybe slow moving or that was mainly because of this project.

Santosh Sundararajan : Project where we are on, you know, exposed to real estate market even with builders like Godrej or the likes, people in the private side on the real estate market definitely there has been a slowdown I think at sales for all of them. So, there has been little bit slowdown in the project that we are doing as well. But other than that the government project we are doing are well on track.

Viral Shah : Okay, okay and, sir, in terms of bid pipeline, could you just highlight what is the bid pipeline we are looking at in terms and are we any case L1 in any of other projects as of now?

Santosh Sundararajan : See, we wouldn't know if we are L1 because in most of these common bids, you know, when they open the tender and then if we are only L1 then automatically we get awarded. In private bids, yes, there are couple of places where we are L1, L2 what the indication we have been told and we are at the next stage of negotiation. So, yes, there are at least a couple of projects where we are at the last stage and hopefully, you know, in the coming month or two we should close.

Viral Shah : Sir, basically our order inflow guidance are maybe 1000 crore more or 3 to 400 crores more for the second half is something which is we are looking at or on?

Santosh Sundararajan : You see, to be honest I don't want to put at a number to be order inflow we expect. We are bidding for all projects which we think we want to bid for specially both on the government side and we are definitely being choosy on the private side, but nevertheless we are bidding for the projects

from the private sector as well. And as I said in a couple of projects we are at the last stage of negotiation hopefully we should be able to bag those orders. I wouldn't want to commit a number for the, for this quarter.

Viral Shah : Okay and in terms of, if you could highlight, in terms of government, how is it bid pipeline looks like because?

Santosh Sundararajan : The government housing is a big buzz word. We are in touch with many government agencies over the last quarter. We had made a lot of progress in terms of meeting government agencies in quite a few states. You know, companies like MHADA, the CIDCOs and the equivalents in other states and we are definitely, you know, registering ourselves in all these places. We are hearing about enquiries from them. What I can say is a feeling we get is there is definitely big push from the centre which has reached the states. There are targets being set to construct this numbers from houses in all these departments. The funding I think will follow soon. So, we are very bullish that, you know, we should, see even a single order from any of these kind of enquiries, you know, will give us a significant number in terms of order book.

Viral Shah : And, sir, in terms of MPCC, are we looking at bidding for their projects because they are back substantial order inflow?

Santosh Sundararajan : We are also in touch with MPCC, specifically to MPCC unfortunately they have condition on their, most of their bids, that if we have loss in the last three years then we get disqualified or something like that. So the last two bids actually they didn't entertain us. Having said that we are now talking at the top to MPCC and see if they can you know get us some, consider, considering that we have been working with them for so long and considering we have a very stable network and considering that we are back to profit. If they can entertain us and they have said they will definitely look at it favourably. So, we are working on that as well.

Viral Shah : Fine, and in terms of real estate are we, how has been the impact post demonetisation, have you seen for our projects basically?

Santosh Sundararajan : I think, it's too early to comment. So, I think we would only know over a period of time. But very honestly we do not expect any kind of, you know, local small time impact to us because all the projects that we have been operating on, you know, have been doing through loans funded by the banks and I think that should only become further easier for our customers to, we expect some rate drops. Even if the rate drops don't happen I am sure getting loans we feel it would be easier now and therefore our demand should in that sector probably increase slightly, that's what we are hoping. But it's too early to comment, maybe the next con call we would have a fair idea of what really is happening on ground.

Viral Shah : And in terms of demand as in we don't have any impact on construction activity as of now, right because....

Santosh Sundararajan : No, no, nothing at all.

Viral Shah : The activity has been presuming as very normal, you know.

Santosh Sundararajan : Yes, yes, yes, nothing, that does not affect.

Viral Shah : Okay, any finally any update on Windermere.

Santosh Sundararajan : Windermere, we've have not had any sales this quarter, so construction is going on and so our percentage completion increases, we do get some revenue on books on account of that but we have not had any new sales this quarter.

Viral Shah : And in terms of GMPs, sir, you said that is 86 crores is the manufacturing revenue, right?

Santosh Sundararajan : That's correct for the first half.

Viral Shah : For the first half. And the services with component would be 31 crores, correct.

Santosh Sundararajan : Correct.

Viral Shah : So basically the mix which we were talking about us now has shifted to manufacturing so you could see some positivity in terms of margin pick up on services for the company as a whole.

Santosh Sundararajan : That's right. As you rightly said the manufacturing business is doing well in terms of profitability as well and so we have been encouraging them to grow in terms of top line as well. So as you rightly said I mean by end of the year definitely this pushed from the manufacturing division should not only overcome any, you know, loss or lack of profits from the services division, hopefully it should give us some bottom-line on GMP balance sheet as well.

Viral Shah : Okay, and finally the sale of hotel which has happened, out of this 14 crores has been will be recognized in third quarter, right.

Santosh Sundararajan : No.

Viral Shah : So the money which have been received, 14 crores.

Santosh Sundararajan : That is cash flow, that was cash flow we mentioned, 14 crores has come in over the last two quarters or so in pieces, 6 crores is yet to come in which we hope we will get soon, very soon.

Viral Shah : Okay, in terms basically debt, what would be the gross debt be?

Santosh Sundararajan : 254, we are about 254, 254 crores.

Viral Shah : Okay. And what will be number looked at by the end of the year?

Santosh Sundararajan : For the debt?

Viral Shah : Yeah.

Santosh Sundararajan : More or less it would be the same, unless I mean, of course, we are hoping to sell some non-core assets that are on the blocks, if those happen then definitely debt will reduce. But again we don't know if we will be able to sell and realize cash flows before March for these other assets.

Viral Shah : Fine, so that's it from my side, thank you so much.

Moderator : Thank you very much. Anybody else who wishes to ask a question may press '*' and '1' on their touch tone telephone, participants who wish to ask questions please press '*' and '1' at this time. We have the next question from the line of Akshay Barjathiya from Rubicon Capital, please go ahead.

Akshay Barjathiya : Thanks for the giving me the opportunity. Sir, what I wanted to understand is what is our current utilisation on the EPC side, as well, you know, how many million sq. feet per annum are we constructing today, what is the visibility based on the current order book which we have in hand, and, you know, so basically that would give us a sense you know, what, and what are the fixed costs currently, you know, which we have, you know, sort of incurring for the capacity which we have in hand.

Santosh Sundararajan : See, the fixed cost we have been working on them over the last three years to bring them down at a company level, we cannot exactly apportion what goes to EPC and what goes to real estate. So in totality we have brought down our fixed costs by at least 40 to 50% over the last couple of years and that is visible on our P&L, in fact if you compare this quarter to the second quarter of last years, you will see that in spite of a revenue drop, we are still in some marginal profit this quarter which is entirely because we've managed to bring down the finance cost as well as the salary cost and the admin and running cost. So now in terms of interest, yes, the more loan we are able to pay back that will further bring down our interest cost, fixed costs and that is definitely a target but that can only happen by sale of non core assets because currently we don't enough cash flows from

running a project to pay back debt. So we are targeting sale of non-core assets to further bring down debt level. In terms of our EPC strength, see we've been maintaining for the last two years our capacity to execute even with the current staff and the assets that we have is double of what we are currently executing. So in that sense we are still under utilized in terms of our potential. We can build double the square feet that we are currently building with the same bandwidth, of course, with some augmentation of minor assets and junior staff at site. But with this management team and with our assets that we are holding in terms of shuttering, cranes, machineries. But the market, see, we do not want to again get into just grabbing jobs for the sake of top line as we have been always saying so we've been still very cautious and we are now seeing that definitely you know, good government projects and quality private projects will come up and then we will be poised to take that and then exploit our idle capacity as I would say.

Akshay Barjathiya : Okay. Sir, the next question which I have is you know on the Thane land parcel, so have we made any progress on that front.

Santosh Sundararajan : No, nothing.

Akshay Barjathiya : Okay, that's it, no further questions from my side, thank you.

Moderator : Thank you. Before we take the next question a reminder to our participants that you may press "*" and '1' to join the question queue. We have the next question from the line of Nirav Shah from GeeCee Investments. Please go ahead.

Nirav Shah : Yeah, good morning, sir. Sir, just a repeat, I mean you mentioned in your opening remarks regarding the IT refunds. How much did you mention, sir?

Santosh Sundararajan : We have, see the IT refund stretches over many years what we've been talking about, what order that has been passed from the settlement commission as of now is upto FY14-15, but it does not include FY13-14, okay. So we've got an 18 crore, you know, our calculation say that we will get an 18 crore refund but this is upto year FY14-15 excluding '13-14 assessment.

Nirav Shah : Okay, got it.

Santosh Sundararajan : Assessment '13-14 is another 8 crore which is under further discussion which should get closed in a month or so. So if all goes well in our favour then 18 plus 8 = 26, but 18 is already in pipeline, it is passed, the order has been passed, now it is the matter of procedure that we see this money soon.

Nirav Shah : So by year end should we expect?

Santosh Sundararajan : Hopefully I mean we don't know what the IT Department, typically the IT Department has not been having cash flows in the month Jan Feb March, those are their collection months, target months, they normally give. So we are hoping for December, actually very frankly we have been pushing for December, yeah but any time this money is due so faster the better, we are doing our best.

Nirav Shah : Are we eligible for interest on any delay?

Santosh Sundararajan : This is including the interest they need to pay us and all of that.

Nirav Shah : And FY16 if we include assessment can be another....

Santosh Sundararajan : FY16 and FY17 also we have refunds due, these are not part of the settlement commission or block assessment. So these are in normal time so those are also roughly about 8 crores in both years. So other than this 18, we have FY13-14 ka 8 crores and 8-8 crores of last two years, you know, we have another 24 crores which is still pending.

Nirav Shah : Got it, sir, got it, and on our interest cost average and if we exclude the zero coupon NCD plus one loan from private sector bank where the interest is 17-18%, so how much would the rest 150 crores would be carrying at?

Santosh Sundararajan : It is about 17-16-17 percent.

Nirav Shah : So that's the rate of interest on the private sector banks or?

Santosh Sundararajan : No, on the bank I think the rate of interest is 14.5 but we do, you know, to be honest at sometimes we do pay a bit late and we do pay some penal changes in general, so on an average the cost of capital may be about 15 plus on those terms.

Nirav Shah : Okay. And, sir, what is your strategy over here, because we are now anyways our debt equity is below 1:1, so and we still end up paying a very high interest considering we are also a EPC company, not a real estate company, our cash flows are relatively stable. And out of this not that much stressed case scenario. So what is the strategy of reduction on the interest cost because that can be very significant?

Santosh Sundararajan : I agree totally, so unfortunately what has happened is over the last two years, from the banking sector to the real estate sector or the EPC sector has not been, you know, very bullish, thanks to many reasons in the market. And so in spite of you know, like you rightly pointed out we are not overly leveraged by any calculation, but in spite of that, one, we are still not able to easily service

even this debt, so from a company angle we still want to target to bring this down. And two, the banks are setting a limit at much lower levels, you know, they are also not bullish in lending at this stage. So because of this, our target to bring down our debt, between us and the banks, has still not been met. Once we do that we will be able to restructure the loans and bring down the interest cost. So we are working on that, another, you know, a few 20-30 crores, 20-25 crores I guess roughly should bring us back to a level where the bank is comfortable and we are internally comfortable and then we will definitely, you know, revise our rating and once we do that we will be able to go back to the bank to renegotiate on rates.

Nirav Shah : Okay. Two follow up questions on this, when are expected to approach the rating agencies for an upgrade, that is question number one. Secondly, can you please elaborate on your comments that you yourself are not able to service your interests in a timely manner, can you just elaborate on that comment.

Santosh Sundararajan : Yeah, as I said although we are not, in terms of ratios we are not leveraged, you know, heavily by any standard, but currently because our top line is lower than what it was last year, and we are still being cautious on grabbing projects. Real estate also has not, you know, taken the upward curve, yet in terms of sales and cash flows. So both in terms of cash flows and P&L, the interest cost has come down it has definitely helped us both in cash flows and P&L, this year is far more comfortable than last year. But we are not what I mean to say is we are not in a frame of mind to increase our debt in the immediate short term, although, you know, the ratio is permitted.

Nirav Shah : Okay, on the credit rating agency, I mean, when will you approach and get an upgrade?

Santosh Sundararajan : This I think the agency, hopefully we will see how this year goes, by March we should be able to be in a position with the banks where they will give us the support required and then we will approach the credit agency that's what.

Nirav Shah : Okay. And our average interest cost in FY16 was around 48 crores, so any number that you would like to guess for this current financial year assuming your EPC targets and everything?

Santosh Sundararajan : This, I think, we have reduced interest last year as well, so I think this year would be slightly lower than that. So maybe 15, we are currently we are about 15 crore for the first six months.

Nirav Shah : That's stand alone.

Santosh Sundararajan : That's standalone, yeah, but that's where the interest is. So even if it doubles it should be about 30 crores.

Nirav Shah : Got it, got it, sir. Thanks and all the best.

Santosh Sundararajan : Sure, thanks.

Moderator : Thank you. We have the next question from the line of Nandish Shah from Nirmal Bang, please go ahead.

Nandish Shah : Hello, morning, sir. Any new launches in the real estate segment, planned for the next two quarters?

Santosh Sundararajan : No, I don't see any, us launching anything till March.

Nandish Shah : Any numbers on your GMP segment, at least on the broad numbers revenue EBITDA, debt.

Santosh Sundararajan : I think see, revenue we did mention, we did about 110 crores on the first two quarters, with 80 coming from the manufacturing division and 30 odd coming from the services division. So we hope to at least double this in fact, it should more than double over the next two quarters. So we are looking closer to 250 crores in terms of revenue at least from GMP for the whole financial year. And if we achieve that kind of revenue definitely we will see decent EBITDAs and EBT and PAT for that matter. But again I wouldn't want to mention an exact number but the manufacturing division is doing very well. They are getting orders at good rate, things are going well, touch wood. And if they continue that top line for the next two quarters we will definitely see good numbers from GMP.

Nandish Shah : Okay, thanks, I am done with my question.

Moderator : Thank you, before we take the next question we'd like to remind our participants that you may press '*' and '1' to join the question queue and question from the line of Manish Goel from Enam Holdings. Please go ahead.

Manish Goel : Hello, hello.

Santosh Sundararajan : Yes, hello, Mr. Manish.

Manish Goel : Hello, sir. My question was on GMP itself, so basically in first half you have achieved 110 crores revenue, right?

Santosh Sundararajan : Right.

Manish Goel : And what did you mention about the second half and basically for the full year.

Santosh Sundararajan : So we should exceed 250 crores in totality for the full year.

Manish Goel : And how is the order books, sir, here.

Santosh Sundararajan : GMP does have order book even the manufacturing division has a very good order book, and in fact they are not able to, their capacity to deliver is under full stress that's why we opened a factory in Bhiwandi in Bombay as well. And now the new factory has also started delivering almost to its capacity. So in terms of order and in terms of production, you know, everything is going on fine, so hopefully touch wood as I said there should be no reason why we don't achieve their target for the full year.

Manish Goel : And on the margin front now what are the numbers in the first half and likely to be in FY17?

Santosh Sundararajan : We haven't yet finalized the balance sheet for GMP to tell you the exact number in terms of bottom line. But the EBITDA coming from the manufacturing division is definitely very healthy and from the service division we are still in a similar situation like we are say in Vascon EPC where you know there is sluggishness in movement, there is sluggishness in payment from the client. So the service division has not gotten out of a little bit of a problem scenario. But the manufacturing division doesn't have any of these issues because the payment, you know, it is like product which is delivered and payment come on times the bill gets booked, it is not like an EPC contract which runs over a period of time. So they get LC payment so payment is also not an issue with that division. And since that division is doing now 70% of the business in GMP and that division is profitable and that division should definitely pull off overall profitability of the company itself, you know, take care of even the service division.

Manish Goel : So the full year you are able to, basically manufacturing should be able to cover the losses of services?

Santosh Sundararajan : That's right.

Manish Goel : Okay, thank you.

Moderator : Thank you. Before we take the next question we would like to remind participants once again that you may press '*' and '1' to ask questions. Next we have a follow up question from the line of Nirav Shah from GeeCee Investments, please go ahead.

Nirav Shah : Sir, just on the service part, what is the growth in the first half on the 31 crores revenue?

Santosh Sundararajan : Sorry.

Nirav Shah : What is the YY growth of first half of FY17 compared to corresponding that you had last year for the service part?

Santosh Sundararajan : Yes, one second, (38:26) it has dropped.

Male Speaker : We are not focusing on the service part. So we are cleaning it up.

Santosh Sundararajan : So as I said service part is going through the exact scenario as Vascon where we want to be careful about the kind of projects we want to take. The service part has had problems recently in terms of payments from the client, in terms of ability of the client to finish the project, I mean if the client is not finishing the project, the billing gets stopped. So cautious, we have been cautious and so in fact the revenue has dropped compared to last year, services part. That was our intention to drop revenue we are just being cautious but hopefully this will grow back over the next year or so.

Nirav Shah : I get that, sir, but is it positive at the EBITDA level and at the PBT level?

Santosh Sundararajan : It is not positive at the PBT level, no.

Nirav Shah : And EBITDA it is positive?

Santosh Sundararajan : EBITDA is it positive? Actually I don't know it is very difficult for us to track services, we track at the old company. At GMP level EBITDA is definitely positive. But it is difficult apportion for the services alone.

Nirav Shah : Okay, so we are expecting on a blended basis somewhere around 5% growth for this year, because last year revenue was 237 crores.

Santosh Sundararajan : Yes.

Nirav Shah : Got it, got it, sir, great, thank you, sir.

Moderator : Thank you, participants who wish ask questions may press '*' and '1' on the touchtone telephone. And the next question from the line of Akshay Barjathiya from Rubicon Capital. Please go ahead.

Akshay Barjathiya : Sir, I had a follow up question. Could you give us a break up of your gross of 250 crores, you know, how much of it is basically zero coupon debt on books, how much of it is IDFC loan and the balance bit?

Santosh Sundararajan : See, we are currently at 90 crore with SBI. And the IDFC debt is 33 crores. The debt that GMP is carrying is another 30 crores, okay. So these are all organized sector banking sector debt. So

90 plus 35 plus 35 = 155. Then another 20 crores is through, you know, deposits that we have from people, you know, inter company deposits, and the balance 70 is zero coupon amount.

Akshay Barjathiya : Okay, 70 is zero coupon, okay, understood. And, sir, for Windermere how are we sort of matching the cash flow because we are constructing as we speak, right, so how much of the project is right now complete in terms of percentage.

Santosh Sundararajan : Yeah, about 70% of the project is complete, and it is a challenge to match cash flows for Windermere currently. But the good part is see, in this 70% of the project, most of the shell and the all the infrastructure work is almost complete. So we just need a little bit of further investment to make sure that all the common areas are done. And this being an expensive project in terms of the quality of the finishes within each apartment, we are not compelled therefore to finish all the apartments with all their finishes. So those that are sold would be finished and sold, and those that are not sold can follow up as and when we have cash flows. But it is essential that we finish the common area which is what we are working on.

Akshay Barjathiya : Understood, what is the extent of capital expenditure which will be required to complete the balance 50%? Assuming that we don't sell any apartments between now and next December, what is the cash outflow which will go assuming that we will continue our run rate of expenditure on this particular project.

Santosh Sundararajan : Well, to finish the entire project our budgeted projections say that we still need another I think 70 crores to finish the entire project. But as I said you know, to start giving occupancy to people we wouldn't need to spend that entire 70, we will also receive cash flows from the houses that are sold. So bridge funding, the gap funding that we need if at all to arrange from other sources internally or externally is not so much.

Akshay Barjathiya : How much would that be, a rough estimate.

Santosh Sundararajan : Might be 15-20 crores at best to you know finish this off fast.

Akshay Barjathiya : Understood, okay, thank you so much.

Moderator : Thank you very much. Anybody else wishes to ask questions may press '*' and '1' on their touchtone telephone.

Kunal Sheth : Hi, Raymond, I have a question, Kunal here.

Moderator : Sure, please go ahead.

Kunal Sheth : Sir, so which are the other assets that we looking to sell, you know, over the next twelve months?

Santosh Sundararajan : See there are a few non-core assets which we still hold. We have an investment in a hotel in Goa, we have a land in Aurangabad, we have property in Andheri called Caledonia. So these are some and then there are some houses we hold in projects of ours which are not yet sold, so you know there is some inventory in hand also. So these are all the assets which we will continuing to look to sell if we get a reasonable price.

Kunal Sheth : Okay. And, sir, what would be the value of all these remaining non-core assets that are remaining with us?

Santosh Sundararajan : As I said it is very difficult to in terms of book values I tell you the Goa project is held by us from a long time ago so the book values are low. But we don't know what exact price we could command in the market but we could say about, you know, at least 30 crores for our share is what we are hoping for so, 30-35 there. Aurangabad should also fetch us about anywhere between 25 to 35 crores. Caledonia property again between 15 to 20 crores. So these are rough market value range within which, you, know deals could happen.

Kunal Sheth : Okay, but, sir, are we have we started the process of talking to any of the potential investors or we are still not there.

Santosh Sundararajan : So, we are, we are, we have indicated to people who normally work with us that these assets are on the blocks. And so enquiries are coming every now and then. So it is going on definitely.

Kunal Sheth : Okay, sure. Thank you so much.

Moderator : Thank you very much. That was the last question. As there are no more questions I would like to hand the conference back over to the management for their closing comments.

Santosh Sundararajan : Thanks everyone I will see you'll again next quarter. Thanks for the continued support.

Moderator : Thank you very much, on behalf of Prabhudas Lilladher, that concludes the conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines.