

## "IL&FS Transportation Networks Limited Q4 FY18 Earnings Conference Call"

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IL&FS Transportation Networks Ltd.

MANAGEMENT: MR. RAMCHAND KARUNAKARAN – MANAGING DIRECTOR

MR. SC MITTAL - CHIEF EXECUTIVE - IMPLEMENTATION

Mr. Dilip Bhatia – Chief Financial Officer Mr. Krishna Ghag – Vice President Company

SECRETARY AND HEAD IR

MODERATOR: MR. PREM KHURANA – ANAND RATHI SHARE AND STOCK

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Moderator:

Ladies and Gentlemen, Good Day. And Welcome to the IL&FS Transportation Networks Limited Q4 FY18 Earnings Conference Call, hosted by Anand Rathi Shares and Stock Brokers. 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prem Khurana from Anand Rathi Share and Stock Brokers. Thank you and over to you, sir.

Prem Khurana:

Thank you, Aniket. Good evening, Ladies and Gentlemen. On behalf of Anand Rathi Shares and Stock Brokers I welcome you all to the Q4 FY18 post results conference call for IL&FS Transportation. Today the management is being represented by Mr. Ramchand Karunakaran – Managing Director of the company, Mr. SC Mittal - Chief Executive Implementation, Mr. Dilip Bhatia - Chief Financial Officer, Mr. Krishna Ghag - Vice President Company Secretary and Head IR.

Let me take this opportunity to thanks the management for giving us an opportunity to host them today. And now let me hand the floor over to the management for their opening remarks and we will then open the floor for interactive Q&A. Over to you, sir.

Ramchand Karunakaran: Thank you. Good evening, everybody. This is Ramchand from ITNL I think the team has already been spoken about. I will just quickly run you through some of the highlights, both at the sector level and what happened to the company during this period.

> We just finished our board meeting about an hour back, so we have uploaded the results and presentation. Hope you all have got the opportunity to see the results. I think the results have come out pretty well, both at the standalone and consolidated basis, far better than what we had done last year. We are definitely seeing an improving trend as time passes by. As you know, our existing portfolio is now about 28 road projects, it has come down by two, because we sold our equity stake in two of our initial projects, namely, Vadora Halol Toll project as well as the Ahmadabad - Mehsana Road project. Out of the 28 road projects, 21 are operational which aggregates to about 10,325 lane kilometers.

> We have five non-road projects, of which four are operational. We have four EPC projects and as we have been mentioning in the past, given the change in the method in which the government is going ahead with implementing project. We are also looking at EPC project as another avenue of building up of our businesses and our portfolio, and we will continue with the growth that we have shown in the past. The EPC projects are worth about Rs. 5,800 crores which includes the Zojila Tunnel. The BOT order book is healthy at Rs. 10,618 crores, the EPC order book is Rs. 5,400 crores and the international order book is \$232 million.

> The total gross average daily collection from toll and annuity in Q4 FY18 is Rs. 8.84 crores (down ~6% goq and up 18.91% yoy). It is incorrect to compare the numbers on a quarterly basis since Q3 is historically considered the strongest quarter amongst all the four quarters. Therefore, a strict comparison between Q3 and Q4 is not really the appropriate measure to go by. The traffic



PCUs have grown at 10.61% compared to FY17, in Q4 FY18 it has grown by 3.67% quarter-on-quarter and 15% on a year-on-year.

Equity requirement for the project to be completed is about Rs. 622 crores, Rs. 265 crores need to be infused in FY19, Rs. 312 crores in 2020 and Rs. 46 crores beyond that. The sub-debt requirement is about Rs. 611 crores, Rs. 609 crores will be infused by FY19. **The Company** is now qualified and is looking to submit bids for projects worth Rs. 21,500 crores.

Some updates which have taken place in the recent past. As some of you must have noticed or seen on TV, the Prime Minister laid the foundation stone for the Zojila Tunnel project on May 19, 2018. It is a seven-year construction period and we have actually commenced work on that project. In addition, we divested part of our remaining stake in GRICL and some stake in IRL. We have also raised some bonds by way of non-conventional debentures during this period.

If you look at the sector, I think the sector has done well. There is huge buoyancy and NHAI has lodged its best ever performance for a long time, almost awarding 150 projects covering 7,400 kilometers and costing about Rs. 1.2 trillion. HAM projects were included in this and they are picking up in performance and they seem to be the way forward for PPP sector.

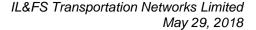
Along with NHAI, MoRTH also continues to award projects. They awarded projects about 8,562 kilometers and road construction was about 9,829 kilometers. Per day this comes to about 27 kilometers a day.

There were some uncertainty, we have seen GST related uncertainty having led to scheduled projects award and therefore there have been issues. But amongst the progress which has been made, the Bharat Mala Program, which is a very large program, as big as the North-South East-West and the Golden Quadrilateral, commenced in October 2017. This will include about 200-odd projects covering 11,000 kilometers. Total investment which is being perceived to be put in by both government and private sector is Rs. 1.5 lakh crores. And in FY19 the expenditure on NHAI is expected to increase to Rs. 2 lakh crores.

In addition to this the government has also taken other measures. They have looked at revival of languishing projects through a one-time fund inclusion. There is a mobilization of funds, NHAI did a masala bond issue listed on the London Stock Exchange. It also was able to successfully monetize road assets through DOT program. We expected around 6,000 crores but we have managed to garner and raise about 9,800 crores.

So if you look at it, the road sector continues to be a sector where the government has put in a lot of effort. It is also the sector in which we are in and we think that we should be in a position to take full advantage of that going forward.

Having said that, I think we had few residual concerns within the books of ITNL. I think we still continue to have difficulty in raising resources from government, we have an award of almost Rs. 550 crores of the Pune Solapur project, and all put together we have claims almost close to





Rs. 4,500 crores - Rs. 5,000 crores, not only on NHAI but on various other agencies also. We have also started taking a very serious look at how we want to go about our projects and hence we have actually terminated a few projects, we terminated the Madhya Pradesh Border Check Post, we propose to terminate the Beawar-Gomti, but the government has asked us to actually look at reviving that project through a negotiated method, so we are looking at that.

One of the important decision that we have taken is that we will not be continuing with the InvIT which we had proposed. This is because of tax issues that were arising and making it an unviable proposition as far as ITNL was concerned.

Having said that, I will pass the call to my colleague Mr. Dilip Bhatia who is the CFO and will run you through the accounts and year end performance for the company.

Dilip Bhatia:

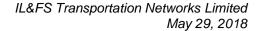
Thanks Ram. Good evening, everyone. I am sure the results have been uploaded on the website and you guys would have got sufficient time to go through them. I will quickly run through headline numbers in terms of how the entire year FY18 has been for the company.

On a standalone basis, the revenue grew marginally by 4%. While there was some dip in the construction revenue, I think it was made up by the rise in other income as well as some stake sale gains which we will detail out on this call. The marginal growth in revenue was further helped by flat or lower growth in expenses where we could contain the cost, largely because of lower inflation, resulting in savings in the construction expenses and other cost. The EBITDA is showing a healthy growth of 26%, we are at around Rs. 2,000 crores of EBITDA versus Rs. 1,588 crores last year. EBITDA margin has grown from 35% to 40% plus.

The financial expenses were higher by around 30%, largely because there were some additional borrowings that the company did in the last year. Reason being, what Ram has already mentioned we continue to see difficulty in realizing our receivables from the government in the form of claims. Some of the projects which have seen rapid construction activity last year like one of city near Somnnath I think we are in the process of completing the financial closure, I think what is happening in the banking sector where it is taking more time than what it normally would to complete the financial closure is also adding to the stress. As a result, while the construction on the projects have been going on, there has been a realization of construction receivable from the SPVs leading to a higher debt on the ITNL balance sheet and tallying up of receivables.

I am happy to say that one of our three projects is about to be financially closed, we should be seeing that activity in the next two to four weeks' time. Out of Rs. 1,000-odd crores which have been held up in the receivables, we expect to realize around 60% of that in the next two to three months' time.

The total profit for the year on the standalone basis after minority profit after tax is Rs. 252 crores as against Rs. 136 crores last year, so it is around 7% growth in the profit. On the consolidated basis, the overall revenue grew to Rs. 9,779 crores, showing a 16% growth over the last year. The EBITDA here also has shown decent growth, to around Rs. 4314 crores,





showing a 21% change year-on-year. I think it is also reflective of the increasing proportion of toll and annuity in the overall revenue mix of the company. These toll and annuity are getting 85% EBITDA items. So as we go along the line of this project we see higher income in the form of core annuity and a larger EBITDA as we go along.

The financial expenses, interest cost were higher by 20% as well, about Rs. 700 crores, essentially because of higher borrowings and also the drawdowns which have been happening for the projects under construction. Depreciation is a margin item for us, the profit after tax after minority for the year stood at Rs. 176 crores as against Rs. 149 crores, showing a growth of around 18%.

On the standalone basis our debt stands Rs. 13,730 crores, which is slightly higher by around Rs. 2,000 crores compared to last year, there are two primary reasons for the same, one has been the delay in realization for government receivables, I think and we are hoping that if not two at least one claim of Rs. 550-odd crores will get realized before March, which I think Ram mentioned has been deferred because NHAI has preferred to go and appeal. We hope to see a resolution of that in the second quarter. Similarly, the financial closure will probably bring in around Rs. 1,000 crores - Rs. 1,200 crores. So this pretty much sums up the reason why the debt has been slightly higher compared to last year. On a standalone basis the debt has gone up by around Rs. 3,000 crores; Rs. 2,000 crores for ITNL and Rs. 1,000-odd crores because of the SPVs who have been raising debt for completion of construction.

This pretty much sums up the financial performance of the company. Happy to take questions on business and operations as well as financials.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Ashish Agarwal from Principle Mutual Fund. Please go ahead.

**Ashish Agarwal:** 

Just one question from my side, will we be bidding for the HAM project, given the fact that a lot of projects which were given out recently were the HAM projects? What is our strategy with respect to HAM projects?

Ramchand Karunakaran:

We are actually looking at some HAM projects, but we find that the project size of the HAM projects are very small and it has become very difficult for us to compete in a market which is very small, because you have too many players in that sector. So we are waiting and watching as far as the HAM projects are concerned, when they are of a slightly larger size we would start looking at them more actively. But as of now we are not really looking actively at these projects.

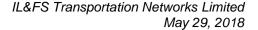
**Ashish Agarwal:** 

And on the EPC side we will be looking at anything which is more than Rs. 1,500 crores, am I right in assuming that?

Ramchand Karunakaran: Yes, you are right.

Moderator:

Thank you. Our next question is from the line of Dhaval Patel. Please go ahead.



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**Dhaval Patel:** 

Sir, on the receivables part, could you give us a sense of when these government receivables were awarded to us and what are the reasons for these delays?

Dilip Bhatia:

The government receivables are largely in the form of claims. We received one in one of our project, namely, Pune Solapur somewhere in the end of November which is Rs. 548 crores plus the interest from the day till the day we realized the money. The arbitration proceedings had given NHAI three months' time to appeal against it. NHAI in end of February decided to appeal against the award, though the award was 3-0 in our favor, they have filed an appeal in Delhi High Court which is being considered. And in July we are hoping for a final disclosure. In addition to that we have an approved claim of around Rs. 100 plus odd crores from our Jharkhand project. This claim has been approved by around 1 - 1.5 years back. Continuous follow-up is happening with authorities, there have been some internal procedural matters between the ministries and hence the award has not been released to us. We have now taken the matter strongly with the state government, that award along with interest could be around Rs. 140-odd crores which I think should get realized by Q2Fy19. Similarly, we have other awards which are already approved, Rs. 33 crores, Rs. 25 crores put together around Rs. 100-odd crores government business concessions where either the awards that have been approved are due to us as per under the concession agreement. As Ramchand said challenges in dealing with the various government authorities there have been procedural issues which have been delaying the realization. But as a management we are continuously focused on it and we hope that by this year, i.e. quarter two, quarter three, substantial portion of this award will get realized.

**Dhaval Patel:** 

Sir, was there a couple of years back a rule where if an award is given to us we can give a bank guarantee and get 75% of it?

Dilip Bhatia:

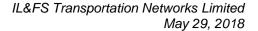
That room is still there and in case of **Pune Sholapur road project**, we are eligible for it. Given that now the matter has already gone to the High Court and High Court has in fact asked the authority to deposit that money in escrow account, we are already in May and in July, we hope that final disposal will come. We have preferred to wait for two months and get the 100% money rather than giving a bank guarantee and take 75% at this stage.

**Dhaval Patel:** 

And sir one more thing, sir on InvIT you said there were some tax issues because of which are not going ahead with it and it was not probably tax viable. So, could you take us a little in detail as to what these issues are?

Dilip Bhatia:

So, essentially it goes to section 56 210 and Section 50 CA of Income Tax Act, which defines the terminology for valuation of unquoted investment, hinting that SPVs are unquoted and they define this terminology and they require the Rule 11 UA of the income tax rules, that will define the investments, the fair value has to be a book value of that particular stock. Now, as you know infrastructure projects are never sold at book value, they are always sold on a discounted value on the future cash flow. Unfortunately, the law does not provide for valuation based on the discount DCF method but on a book value method. Also, the law provides that if the asset is sold at a particular price essentially the DCF of that particular cash flows at a price lower than the book value computed in line with 11UA, the difference is a notional gain tax in the hands of





seller and the buyer both. So in our case annuities which are essentially fixed, money is to be received over a period of time, one of two annuities which we were basically valuing during DCF, the valuation was coming lower than the book value. Because of which the large tax implication was there both on InvIT as well as on ITNL. Given that investors, and particularly foreign investors will not be comfortable even taking the smallest of doubt, we had got necessary opinions, we thought it was prudent not to pursue till some more clarity comes. We tried, in the past calls, we have said that we were talking with various tax authorities, including CBDT, our representation was made through various chambers of commerce, unfortunately the amendments have not come yet and hence from a tax perspective this structure does not become viable.

**Dhaval Patel:** 

Sir, just one last thing, till this issue of taxation does not get resolved is it safe to assume that only way of monetization would be selling of good part of equity to another player and not any other way?

Dilip Bhatia:

No, see InvIT is also one vehicle for monetizing assets, monetizing assets directly with investors goes through the InvIT route, both are possible, though InvIT may not be feasible, one-to-one with the investor is always an option available, as you know we have been handling this on a regular basis, so we will continue that process.

**Moderator:** 

Thank you. Our next question is from the line of Rishikesh Bhagat from LIC Mutual Fund. Please go ahead.

Rishikesh Bhagat:

Sir, you said that EPC projects we are willing to take about Rs. 1,500 crores, so are there any bids in pipeline that you see in near-term?

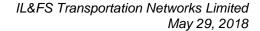
S C Mittal:

Yes, there are going to be many projects. As Mr. Ram has already brought out that in the Bharat Mala programme itself there are a large number of projects that are going to come up and those projects would definitely be much higher than Rs. 1,500 crores. For example, in the Zojila project you had seen recently that we have been successful with an award worth Rs. 5000 crores. We expect many such projects would be coming in the near future. And to give you some idea on the list of such projects, there are a couple of projects above Rs. 1,000 crores or so, Rs. 2,500 crores, Mumbai-Nagpur, will be above R. 1,500 crores. In addition there is Vadodara Mumbai Expressway as well. So we expect there would be many such projects that would be coming where the value will be higher than Rs. 1,500 crores.

Rishikesh Bhagat:

Sir, just one more thing. So since we are okay with Rs. 1,500 crores to Rs. 2,000 crores and above, but point is today even HAM projects are getting awarded in the range of Rs. 1,700 crores to Rs. 2,000 crores. So any apprehension with HAM model we have that we are not open to HAM for such, 1700 - 2000. Because clearly the board pipeline that NHAI is showing is largely tilted towards HAM side as compared to EPC, so just wanted to understand your thoughts on this.

Ramchand Karunakaran: Generally if you see, majority of the HAM projects are in the range of Rs. 300 crores - Rs. 400 crores. There are very few maybe one or two isolated projects that come in this range. We have





looked at these projects, but given the situation of HAM projects, some issues from the financing, lenders, etc, point of view, we are not looking at them seriously and are watching the market and looking at success of the past project, then we will take a call for HAM projects also.

Rishikesh Bhagat:

Sir, another thing on this Zojila project, so how will the revenue recognition happen? How much proportion we will book over next one year and two year and a large part will be back ended revenue recognition, how will it happen?

S C Mittal:

Please note that this is a milestone-based project and during the first year we have got to do a lot of preparatory work, especially the portal and site preparation. So for the coming financial year, we expect around 10% of the value i.e. out of Rs. 5,000 crores around Rs. 500 crores, and accordingly we will book will be made for the same amount depending on what work we actually do.

Rishikesh Bhagat:

Sir, what is our cost of debt right now and what is the picture of that in the sense going two years down the line? How will the debt picture look?

Dilip Bhatia:

The cost of debt is around11.7% which includes SPV and ITNL.

Rishikesh Bhagat:

And how ill it look from current level what is the debt picture we are guiding, how will debt look over next two years?

Dilip Bhatia:

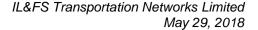
At the ITNL level, I think if we look at our cash flows for the next three years with the various initiatives in terms of the government receivables, refinance and stake sale, we see debt gradually reducing to a level which would be around Rs. 10,500 crores by 2021. At the SPV level, I think the residual debt that we need to take for competing all the projects is in the range of around Rs. 7,000 crores, whereas, per year, the SPV will start repaying and also this Rs. 7,000 crores needs to be drawn down over next three year period by 2021. I think per year all the SPVs would be paying around Rs. 1200 crores to Rs. 1300 crores and as we go along we will become higher. So roughly by 2021, I think the new debt that we need to drawdown versus that will be paid by balance of each other. And from there on I think barring no other BOT projects, we will see some direction. However, essentially one thing that we need to consider, as we go on, refinancing the SPVs, particularly annuities and the tolls that are becoming better over a period of time, the SPV themselves are becoming self-sufficient in servicing bad debts. So on the one hand, the ITNL debt which is around 13,000 and the rest of the debt which is 20,000 plus is largely self-sufficient debt which has been serviced by respective projects.

**Moderator:** 

Thank you. Our next question is from the line of Ashutosh G from AG Capital. Please go ahead.

Ashutosh G:

I had one question about this rating revision which has happened. Can you please share some insight on this rating revision which has happened on NCD and some of the other instruments where it seems like there is some downgrade on the rating? And the second question I had was on the segment results in the consolidated financials where we are saying we had only one reportable segment but still we are giving this segment results.



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Ramchand Karunakaran: Firstly about the downgrade that has taken place through one of the rating agencies, I think this was an outcome of not a typically internal issue but I think there are more external factors which have caused this downgrade to take place. Let me just quickly run you through one or two of these issues. We had projected some of the claims or some of the receivables from the government would be received within a particular period of time, and therefore we would be in a position to actually reduce our debt level in ITNL. Now as you know the Pune Solapur award declared in October has gone to court, we were expecting a favorable response on Moradabad Bareilly, as far as the conciliation process was concerned. And since both of these did not happen it put pressure on our books and is one big reason why this actually took place. The second is that the banks have also become almost difficult to draw credit from and we have actually raised a lot of money which was used to refinance. And this came from instruments which are more short-term in nature than long-term in nature. And during this period therefore since we had to replace the debt, we have replaced some long-term liabilities with short-term liabilities. We were probably close to mid-20 range as far as the mix between short and long was concerned, and this has gone up to about 34%, I think that is another big reason why this has

Ashutosh G:

Can I say it is a temporary phenomenon as far as the rating is concerned?

Ramchand Karunakaran: Well, I cannot pass any judgment on how a rating agency would look at it, but we would definitely like to think that this is temporary and if we are able to, and there are certainly milestones which if we are able to meet we should see probably a rerating of this debt. If we are able to fulfill most, I think it is mostly dependent on the cash flow and the reverse cash which comes back into ITNL, today with a pretty high debt level at the HOLDCO I think that has been one of the biggest concern that the rating agencies had. I am confident that we are seeing much more positive signs, both on our claim and financial closures that we are planning to achieve. As this happens like you said, I think this should be more short-term in nature and we should be able to overcome this rating issue which is arising.

Dilip Bhatia:

On the second question, on a standalone basis we were a single segment, whereas on a consolidated basis we put two segments, one is the surface transportation and one is others, others essentially covers Elsamex because that is a company by itself, or some other places, like we have a project in Dubai called PLL, which is parking project and not a surface transportation project. Hence, they are two separate segments.

**Moderator:** 

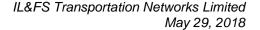
Thank you. Our next question is from the line of Nirbhay Mahawat from North Square Capital. Please go ahead.

Nirbhay Mahawat:

Could you please guide your annuity and toll revenue collection for FY19 and FY20, how will it move?

Dilip Bhatia:

While we can't share any forward looking numbers, let me give you some idea, we are currently at Rs 8.85 crore collection per day, which by FY19 when 2 projects achieve completion will move to around Rs. 11.2 crore. When we complete all our existing projects 2020 and 2021 this number moves to Rs. 15 crore per day





**Nirbhay Mahawat:** This is your share of revenue?

**Dilip Bhatia:** This is the gross share of revenue. On the blended basis we will be around 80%.

Nirbhay Mahawat: This quarter when I am looking at project wise revenues there has been a substantial dip in

expressway, while that and what has called this debt, I think 1.4 crores to 0.97 crores?

Dilip Bhatia: I think it is on the back of two reasons, one is the quarter cycle fluctuation in the asset and second

is the exchange rate. We have seen considerable movement versus the dollar and rupee in the quarter and accordingly because of which the revenue booking has been affected. These are the

two primary reasons, otherwise the asset is doing well.

Nirbhay Mahawat: Sir, if I look back around two to three quarters back you had mentioned that your debt will peak

out in FY19 but looking at your commentary it does not look like we are anywhere near peak of

that. How do you see this, how do you see deleveraging cycle?

**Dilip Bhatia:** So, I think the way forward, the projects for which we need to draw debt is around Rs. 7,000

crores. Similarly there is maturity over the next three years period that is why like I said this will pick-up because barring some time mismatches both will balance each other in terms of consol level, and hence debt should pickup from here. It does not include any impact because of divestments of various assets we are looking at, plus the cash flows which will come in from various government receivables. So keeping that in mind we do not see debt significantly going

up from this number.

**Nirbhay Mahawat:** So for a Rs. 15 crores gross revenue collection your peak debt will be how much?

Dilip Bhatia: Should be around, I am not sure, maximum from here it will be around Rs. 36,000 crores. We

have Rs. 34,000 crores today on a consol basis. Again I say, for timing mismatch it should be

plus / minus Rs. 2,000 crores.

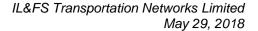
Moderator: Thank you. Our next question is from the line of Prem Khurana from Anand Rathi Shares and

Stock Brokers. Please go ahead.

**Prem Khurana:** Sir, basically what I wanted to understand was, in terms of the leadership that we get to have in

NHAI, I mean if you look at last two, three years or rather last four years we have seen frequent changes. So how do you see, recently Chairman was moved to Bihar as Chief Secretary, which essentially means you will get a new person in place, you would take some time to kind of understand the things and then only he will be able to give out the project, which essentially means there could be some delays. So how do you see these kind of, I mean does it mean that again this year there could be a situation wherein the government would not be able to deliver in terms of guidance or number that they were looking to kind of award this year because you would get to have this change in leadership, the new chairman comes in and he takes his time to

understand and give out projects?



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Ramchand Karunakaran: I do not think that is a new phenomenon which is happening at NHAI, in fact I think that this has been happening quite frequently. This is a sector which does not really need too much of knowledge to understand, because there is a lot of experience in that, there is a lot of history in that execution and therefore there is really not much one can do to change the course of the collected task that NHAI has been given. And if you look at it in that way it is basically a project management, project development type of an institution. And most people which are able to adjust or fit into that role pretty quickly. So I do not see much of change taking place because the institutional level changes take place, because I think you cross that hump where a new person coming in is able to revolutionize or change the way in which that institutional go forward.

Prem Khurana:

And sir in the recent past we had bunching up of these projects, most of these projects were all in the month of January and February and March, so essentially most of these projects would kind of approach the banks almost at the same time for financial closure. Do these banks have capacities in place to be able to kind of where these many proposals and these many projects and give out funding, or they would be more choosy now therefore there could be some situation wherein interest rates start moving up, because you have number of projects to chose now and then some of these bidders would be in desperation to get their financial closure done and they will be happy to pay you a little more wherein banks kind of dictate terms, given the fact that they have these many auctions to look at to fund?

Ramchand Karunakaran: I think you are right in terms of punching of the projects, there are as many number of projects, these are HAM projects, where the size of the projects is not that large and 40% coming via government subsidy. The numbers which we are looking at are not large numbers, while the number of projects may be higher the package size of size of project is smaller. So yes as you recollect, HAM over a period of time has come up, initially there were lot of issues, clients have come around it over a period of time, we have seen some financial closures happening. I do not want to really comment on what banks probably will do, but yes there will be both side challenges in terms of closing of financial for such large projects.

**Moderator:** 

Thank you. As there are no further questions from the participants, I would like to hand the conference over to the management for closing comments. Thank you and over to you.

Ramchand Karunakaran: Good evening, everybody, again. Thank you for having participated in this conference. I am sure that we have been able to offer you all the queries and clarifications that you had on whatever questions you had. In case you have any more clarifications please do not hesitate, you can contact our investor cell, very more than happy to coordinate a response for you. Thank you very much.

**Moderator:** 

Thank you. On behalf of Anand Rathi Shares and Stock Brokers, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.