“Power Mech Projects Limited
Q2 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Power Mech Projects Limited Q2 FY2022 Earnings Conference Call hosted by Nirmal Bang Equities Private Limited. As a reminder, all participant lines will be in the listen-only mode. 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 touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mayank Bhandari from Nirmal Bang Equities. Thank you and over to you, Sir!

Mayank Bhandari: Thank you, Inba. Nirmal Bang Equities welcomes you all to the Q2 FY2022 results conference call of Power Mech Projects Limited. The management is represented by Mr. S. K. Ramaiah - Director, Business Development and Mr. J. Satish – Chief Financial Officer, Mr. Sajja Rohit, Vice President, Business Development and Operations. I now hand over the call to the management for their opening remarks post which we can take questions on the participants. Over to you, Sir!

Jami Satish: Thanks Mayank and good afternoon everyone and thank you very much for joining the earnings conference call for the quarter and half year ended September 30, 2021. Before I begin I would like to wish you a Happy New Year and hope that you and your family are keeping safe.

Along with me, I have Mr. Sajja Rohit, Vice President, Business Development and Operation, son of Mr. Kishore Babu, CMD, Mr. S. K. Ramaiah, Director Business Development and SGA our Investor Relations Advisors. I hope you have had the chance to review the investor presentation and financial results and also you can view this on the stock exchange and even on our company's website.

Recent months started on the back of winning large O&M orders totaling around Rs.775 Crores, strengthening our order book in O&M and booking revenues for widening in comprehensive O&M space. In addition to MDO order for 25 years worth of Rs.9294 Crores, which can support to generate higher margins with sustainable revenue for a longer period, while quarter one FY2022 was affected due to adverse impacts on second wave quarter two saw the situation improving drastically with the ramp up in vaccination numbers across the country and at our sites. We continue to follow all necessary guidelines to secure our employees at all our sites as well as ensuring construction and maintenance operations are running smoothly.

To update you with the quarter's development before we open up the floor for your question and answer session the reported total income for quarter two FY2022 is Rs.544

Crores and the EBITDA is Rs.63 Crores and reported PAT is around Rs.27 Crores, whereas quarter two of last financial year, the total income was Rs.347 Crores, the reported EBITDA was negative by 40 Crores and the PAT was negative by Rs.52 Crores (net of minority interest). The revenue mix of quarter two is as follows: erection business has contributed Rs.106 Crores, civil around Rs.223 Crores, operation and maintenance close to Rs.188 Crores and the electrical business has added Rs. 23 Crores and other income close to 5 Crores.

In the same quarter in the previous year, the mechanical business contributed Rs.88 Crores whereas the civil we did around 101 Crores, operation and maintenance contributed Rs.146 Crores and electrical business contributed close to Rs.11 Crores. The performance has been in line with our projected numbers keeping in mind the heavy rainfalls in several regions and is in line with predetermined estimates. In addition to the quarterly performance meeting estimates, we would like to highlight the annual guidance given earlier still continues to be on track and will be met on all parameters. This is further expected to solidify on the foundation of a strong order book, recent order wins and a healthy pipeline of orders identified by our business development team.

The overall target for the year remains intact and the execution level for quarter three and quarter four for the year will continue to be higher compared to quarter one and quarter two like any previous year in the journey of 22 years. As said in the previous calls as well Power Mech has risen to the fore and developed a high bandwidth in terms of infrastructure and capability to execute crucial projects in the range of Rs.600 Crores to Rs.850 Crores per quarter and the credentials earned overtime enabled us to bid for and execute projects on its own merits and capabilities without partnering with large players.

This saving in royalty costs would benefit the margins going forward and be a true reflection of the efforts put in over the past few years. Margin profile expected to go up gradually in midterm. Increase in O&M comprehensive will help increasing margins to a great extent. In addition, once the MDO project gets operational, operating margins are expected to go up further. Talking about finance costs, they have been steadily decreasing as a result of a lot measures being taken by the management in terms of debt utilization as compared to previous quarters. Overall, the utilization of debt for this period quarter two FY2022 is comparatively low though the closing net debt is higher by around Rs.28 Crores compared to March 31, 2021.

On account of support to new projects like UP water project, Tuticorin O&M project, mobilization, etc.; however, average utilization for the period remains lower and coming to the receivable cycle it is ranging between 70 days to 75 days excluding BHEL and with

BHEL it is around 80 days plus. Improvement is further expected in the working capital cycle with the change in the business mix and the customer mix. More interestingly, the monthly collections continues to be very healthy in the range of Rs.190 Crores to Rs.230 Crores per month and this is expected to further go up post quarter three. The company has generated positive cash flow from operations during the first half which is around 22 Crores and we are expecting this trend to continue further. The order backlog for the company stands at Rs.6515 Crores as on September 30, 2021 and order backlog as on today including the projects in L1 status of around Rs.547 Crores stands at Rs.8337 Crores excluding the MDO Project which, if included, it makes Rs.17631 Crores.

Thus, even at a modest execution rate, now that the monsoon season is over, we are poised to capitalize on the growth momentum in the infrastructure space and more than deliver on our set targets outlined. This forms a strong base for our confidence going forward, with a good liquidity position, healthy order book, measures in place to manage projects in the uncertain environment. I request Mr. Sajja Rohit to add few more developments.

Sajja Rohit: Thanks a lot, Mr. Satish and thanks a lot for also highlighting a few aspects of business development activity that we have done over the last few quarters. You know by the beginning of this financial year, we already had an order backlog of around 7300 Crores and in the first two quarters we have already bagged orders worth around 2300 Crores. our previous trend suggested that there's going to be majority of order booking in Q3 and Q4. The target for this year is around 4400 Crores to 5000 Crores of healthy orders, which will help us maintain our EBITDA margin a little bit. Hence, we are targeting roughly around 2500 Crores or more in the next two quarters. This is a slight overview of the business development and we are also targeting a few new sectors specifically- the oil and gas sectors. As you are all aware, we are already present in power sector O&M. We have extended our services to take up O &M projects in the oil & gas sectors as well. We are already executing an Annual Rate Contract with RIL in Jamnagar Refinery and have taken up a few maintenance jobs with IOCL in Haldia Refinery.

Talking about the prospects of overseas business, we also see a lot of potential for both the power sector and non-power sector going forward in the overseas markets especially in GCC and Africa markets. We believe that O & M overseas will see a lot of thrust in the coming years (5-7). That's from my side and handing it over to Mr.Satish again.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session.

S. K. Ramaiah: Ramaiah, here. Thanks, Rohit, Satish and then Nirmal Bang team and the participants. Few updates on what has been told by Satish and Rohit is, I think the main aspect which has been is that there had been new territories and new customers, which we have added to the organization business profile and then there is a lot of upswing on the O&M scope of the work which has gone up by almost 36% and the present backlog of 8337 Crores it goes well for the organization growth in the next two quarters and also the next year and as far as the broad breakup of this order breakup is that the domestic segment constitutes about 88% from September backlog and 5737 Crores and as on November this backlog has also improved substantially to 7552 Crores and the power sector business continues to play a major role because of the O&M and many jobs we are doing in Power sector in civil side and other mechanical side..

As on today it is around 5359 Crores 64% and on the non-power side is 2977 Crores 36%.. I think the key things which have happened in the current year has been the major breakthrough in Singareni O & M Contract in the first quarter, the Adani Road Project which has happened recently of order of Rs 645 Crores and Udangudi where we are L1 with 345 Crores for the civil works. There has been a major breakthrough into Coastal Energen Private Limited of 2x600 MW Tuticorin Power Plant, a 5 year O&M contract of Rs. 391 Crores and the new entry what we have made is NMDC with two jobs worth of 146 Crores in Civil area ,and another breakthrough what we got in EPC segment is Talabira in continuation to the Kurmitar Project what we took last year and this order on CHP material handling is about 80 Crores and then the first time we have entered in a bigger way in the FGD segment, having civil and structural work for 4 x 210 megawatt Kahelgaon FGD package 112 Crores and then about 15 O&M repair jobs have been taken about 34 Crores and a major breakthrough in the desalination for O&M jobs in the export sector in Abu Dhabi.

I think these are the positive things which happened and as far as the operation and as per manpower are concerned it has come back to the normal. In fact what was the peak down of 8000 has come to almost 13500 for the construction labour is concerned and the O&M is fully manned with over 11600 people and the rest of the around 10500 belongs to the Power Mech Group both in the domestic sector then in the international sector. Today, the total headcount of temporary workers, permanent staffs, engineers, supervisors, with regard to is 30000 that means the resource management has been augmented and is catering to the new expansions and the new segment of the business and that is the key aspect of the growth which we can look at it and few things what I can say is that on the O&M particularly, we have substantially made inroads into the IPP sector and also the public sector, government sector, in government sector perhaps as we know already I had explained NTPC we are doing in five jobs and the Singareni jobs which has been added recently.

Now, the focus will be to continue to be what is the balance we can go into the IPP sector and more focus on the public sector because the total installed base in the public sector is substantial, therefore 149000 megawatt installed base is there that is the segment which has to be tapped and then the opportunities as Rohit was telling in non-power sector we have to look at the infrastructure side and align in line with the National Infrastructure Pipeline on the various infrastructure and then in oil and gas, refinery sector and then a new segment what we have added in the mining sector and also iron ore and coal handling plants, on a turnkey basis and the opportunities which are definitely going to come up because of the investments coming in the petrochemicals and then fertilizers and then steel plants, steel plant also a lot of growth is there, we have already started the business couple of years back, we have to look at more opportunities there.

Therefore, as on today we are tracking about 25000 Crores of jobs in different segments in erection, non-power, civil, infrastructure, electrical, exports, O&M, then water systems also. Water system is another important thing because the drinking water scheme for rural household and we are already there, doing about 1200 Crores of jobs, therefore this is where we have to carry forward and some of the new initiatives what we have taken on the EPC should see how we are going to perform that is a new beginning and a challenge for the organization and also tying up with some of the leading engineering companies in the country. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Faisal Hawa from H.G Hawa & Company. Please go ahead.

Faisal Hawa: Last two to three months of prices for coal did you see a lot of pressure from Coal India Limited to really you know lessen the coal urgently and do you feel that this could lead to more privatization or outsourcing of coal mines and there could be more orders for our company going forward and second which are the other, a lot of orders have come in, are you doing something for you also?

SKRamaiah: Yes, I think that is correct also because coal is a base fuel and Thermal Power acts as a base load for power generation and continues to play a role in spite of the lot of pressure to classify coal as a dirty fuel,, but it is a fact in the recent COP 26 Global meet India has not given any concessions on the coal, therefore the pressure will be there for availability of coal in the Power sector for new mines development. In fact many of the private players have already taken coal mining. We took a job from Adani at Talabira but it is a small job in association with Thyssen Krupp and our estimate is that Coal India is also doing mine side mechanization of coal handling, as there are lot of opportunities in mechanization of the plants, only 25% of the Coal India is mechanized balance 75% is not mechanized, they are looking at it and the new mines also being developed by the private players also, there will be two types of opportunities, one the mine side coal handling and then the coal handling in the end user side so the estimation is that about 25000 to 40000 Crores of opportunity should be available not only in the coal side, but the similar investments expected in iron and ore and various metal process also.

Faisal Hawa: So, on the iron and ore side what is the nature of our tie-up with NMDC?

SK Ramaiah: NMDC, two jobs we have taken up that is in the Kirandul that is the civil works on the expansion what they are doing in the iron and ore beneficiation and then crushing and screening unit that is what we have done. We are in the process of bidding and evaluating the offers of around 800 Crores to 900 Crores with NMDC for the Bacheli plant and that type of iron and ore beneficiation and then other minerals this type of plants are expected to be future and we are having a tie-up with Thyssen Krupp on one side and with another company FL Smidth we have got two tie ups and we have to see how to use these tie ups for the future opportunities.

Faisal Hawa: Sir, other than railways are we looking at other infrastructure opportunity that is going to come up in other new verticals?

SK Ramaiah: Infrastructure as I told we are tracking out of the total 25000 cr of opportunities, being tracked now, the infrastructure segment is substantial of about 11000 Crores which is a combination of the water systems there and then drinking water system there, sewage treatment plants, then roads and then railways, in railways we are already there in the electrification side and also doing the railway track doubling and other jobs, therefore we have got references now and railways expansions continue to be there, their investment as you know it is exceeding 1 lakh Crores per annum and the other opportunities in the infrastructure mainly propelled by the NIP, National Infrastructure Pipeline that is going to be there. Therefore we have seen the success like Adani we have 650 Crores road work recently in Telangana, that type of opportunities will be there and we are tracking this totally around 11000 Crores in infrastructure.

Faisal Hawa: Thank you so much, Sir.

Moderator: Thank you. The next question is from the line of Rajnath Yadav from Choice Equity Broking. Please go ahead.

Rajnath Yadav: Sir, thank you for the opportunities and congratulations for reporting better set of numbers for the quarter. I have a couple of questions, the first one is related to the MDO project, so my query is basically how the equity funding will be done and what will be the mode of funding for other tickets related to this projects and the second question is on the execution rate guidance, which was provided in the earlier quarter conference call, so how confident is the company achieving those levels especially for the rest of the year?

Jami Satish: This is Satish, here. See, this MDO now is in the approval and the planning stage so probably by next 3 to 9 months we are expecting that the clearances will be there and this is expected to be developed over a period of two-and-a-half years to 3 years, so the main source will be of course be the internal accruals because the way we have setup our growth plan number one and the final bills which we are expecting to come over a period of time, we are anticipating equity of close to 100 Crores for this project over a period of 3 years and of that 74% will be infused by Power Mech and 26% by our technical partner, 74 Crores we have backed from our internal accrual of course if we need to look for some external options we will always look, but as of now the plan is well set to infuse for next 3 years and in terms of the guidance what we have given we are absolutely on track, as we said the execution, the bandwidth for any quarter is very well set at 550 Crores to 850 Crores and you would have seen that last quarter of FY2021 the quarter four itself we demonstrated 750 Crores of topline and we planned 600 Crores for the first quarter and we did 620 Crores and for the second quarter we set a target of 550 Crores to 560 Crores and we are very close to that number and quarter two and quarter three the target what we have said is well in control so we are very confident that the overall guidance what we have given it is on track.

Rajnath Yadav: Sir, one query related to this, you said that total equity funding will be 100 Crores and it will be deployed over 3 years and Company's stake is 74%?

Jami Satish: As per the plan. That is true.

Rajnath Yadav: But, if I go one quarter back and I believe if am not wrong in the earlier conference call it was said that total capex will be around 280 Crores and out of that 80 Crores will be equity funding and the rest will for the capex related to this project, so my only concern is that how the residual amount that is the capex amount will be funded because most of the operating cash flow will be deployed as an equity funding and for capex for the existing project so how much will be left for this or how much will be left for the capex for this project from the internal accruals and how well we are positioned to get outside finance?

Jami Satish: See, the total project cost it will vary 250 Crores to 300 Crores over a period of 2.5 to 3 years, so that 100 Crores is an equity component which we are planning for next two-and-a-half years, as of now this is only capex project where we need to look for some investment so this maybe well within our internal accruals from when we grow. We will look for some other project or we will wait for the opportunity but as now this is the project what we have on hand from an investment perspective.

Rajnath Yadav: I am not able to get it clearly, once again just wanted to ask how much of the debt funding will be, how much of the funding will be from internal and from outside fund if you can elaborate this?

Jami Satish: See what I am trying to say is that the total development for the project which is two-and-a-half years we need to infuse equity and external debt putting 250 Crores to 300 Crores that would be the total capex over a period of two-and-a-half to 3 years, so that 100 Crores of equity that is a combination of Power Mech and the JV partner of that 74% will be from Power Mech side and the 26% share will be from the JV partner.

Rajnath Yadav: Okay, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Abhishek Poddar from HDFC Mutual Fund. Please go ahead.

Abhishek Poddar: Thanks for taking my question. Sir, are you also bidding for a renewable project now?

S. K. Ramaiah: No, renewable project may be as a part of tie-up through Adani it is like that, on our own we are not doing it, but we will look at the opportunities as and when it comes, but we have to look at these things as a future.

Abhishek Poddar: So, at present you are not bidding or you have bid at present?

S. K. Ramaiah: No, we have given some part of a support bid to as an initial effort to Adani group, we have to see how it takes shape.

Abhishek Poddar: This will be solar?

S. K. Ramaiah: Yes.

Abhishek Poddar: What will be the plan going ahead, would you continue to give support?

SK Ramaiah: See, that is a question of investment then, we have to take the role of a developer like what we have taken in the case of MDO therefore similar role we have to take up that has to be as a policy we have to decide on that.

Abhishek Poddar: So, you are not clear, so do you want to be a developer you are saying?

Sajja Rohit: To answer your question precisely yes, we are looking for opportunity from the renewable sector and we did bid for a couple of projects and they were in support than anything we did wanted to execute them, we could not compete with the already incumbent players, so we just had to stick to competition so yes, we are looking for opportunities in the renewable centre, primarily for energy for now so either as a developer or we do not want to enter EPC space in this business, it is either the developer or we want to build our own office something like that.

Abhishek Poddar: What kind of equity participation and hurdle rates are you looking at you here in the sector?

Jami Satish: Of course hurdle rate, which is in the range of minimum 16% to 18% that is our expectation and equity anything around 100 Crores to 120 Crores.

Abhishek Poddar: So, any amount of total exposure that you have in mind if you go there?

Jami Satish: We are exploring multiple. Given a good chance probably we will look into so the maximum the equity side at any time, max of 120 Crores ad beyond that we are not looking now, so we have to work a reverse formula how much the funding is possible and also from outside that is the way we are working right now.

Abhishek Poddar: So, 120 Crores is like your share of the JV?

Jami Satish: Yes, you are right.

Abhishek Poddar: And we would be like the minority partner in the JV that way?

Jami Satish: Yes.

Abhishek Poddar: Sir, regarding the margin if I look at the pre-COVID you were in the range of 12% to 13% and we have recovered, but still we are at 10% to 11% what is the outlook there?

Jami Satish: The margins, yes, as you rightly pointed the margin profile used to be 12.5% to 13% historical now we are at 11% to 11.5%, so the Covid related cost still continues to be there because we have directly and indirectly 20000 at best so some of the facilitative cost still around 0.2% to 0.3% is straightly going towards the safety, that we cannot ignore, there is another 6 months we can see that that cost comes down number one, number two some of these projects as we have announced in various calls because of the change in the business mix and the supply component has slightly gone up because of the EPC portion has gone up and the steel price have gone up so our contribution our mix is hardly 20% to 25% of the total components so that will now impact the cost 0.2% to 0.3% of the metal components so we are seeing that probably maybe next 6 months or may be 9 months going forward we will see that some improvement in the margin profile. One is minimizing the safety related cost and now the steel price all that bids whatever we are submitting are after factoring the revised cost and number three most important factor is like the royalty which we are giving for railway project, steel set of infrastructure, some of these projects, where we were not having the credentials, just now we have built enough in house credentials that will straightly save us 2% to 3% at EBITDA level, the new projects what we are quoting for JV partner this all really help us to push the margin profile.

Abhishek Poddar: The total 3% benefit of royalty this will start come in two to three quarters time?

Jami Satish: Yes, we will see that maybe 6 to 9 months forward the margin profile will see improving.

Abhishek Poddar: Last time in the previous call we had given a guidance of order inflows of close to 4500 Crores what is the update there and also on the execution any total execution how much do we expect this year and next year?

Jami Satish: The order target we have kept it close to 4000 Crores to 4500 Crores and now after that including the L1 of 550 Crores close to 2200 Crores to 2400 Crores is already in place. Now the way the projects and the bidding and the projects in the pipeline taking in consideration to around 3500 Crores to 4000 Crores which seems to be very comfortable if at all there is a spillover may be in that another 500 Crores may be a spillover, but if I look at the other target close to 3500 Crores to 4000 Crores is quite possible and the execution if you take the conversion to be the order backlog it used to be 40% to 42% any year so if you take even 36% to 38% conversion to our opening order book 2500 Crores to 2600 Crores we should be able to comfortably achieve this year, may be 3000 Crores plus next year is quite comfortable because by the time we have 3500 Crores to 4000 Crores orders will take 3500 Crores if I take it conversion within 35% to 36% it is quite comfortable number..

Abhishek Poddar: So next year you think it will be 3000 Crores or little higher than and that does not include MDO because that is under development for 2 years?

Jami Satish: Yes, now the order book what we have got that is on hand and for the projects which are in the pipeline will compensate to some extent.

Abhishek Poddar: Right and just last question any guidance on the working capital, how it has changed and how it is going to change for the end of the year and on your debt side how that will change?

Jami Satish: Working capital if you see the net current days is coming down, it is almost 195 days till March 31, 2021 that has come down close to 170 mainly the receivables which is 70 to 75 days but if you add BHEL it will come to 90 plus so we are still trying for reduction by10 to 15 days in this period because the mix is going to change and the pie is coming down so with 70 to 75 days with BHEL of 90 days may come down to 80 or may be 78 days that is what we are expecting and debt side, we are closely monitoring the debt utilization at any point of time it is around 480 Crores to 490 Crores of debt that is what the utilization now, but the plan is to bring down by another 40 Crores to 50 Crores by year end, to bring it down close to 8 Crores to 9 Crores on an average every month so that will help us to bring down to the debt level.

Abhishek Poddar: Sir, could you please repeat the BHEL outstanding how much is it in September?

Jami Satish: Around 130 Crores to 140 Crores.

Abhishek Poddar: That is the retention money or total outstanding?

Jami Satish: Total including BHEL might be 300.

Abhishek Poddar: 140 is the total outstanding including retention?

Jami Satish: If you take retention that will add another 50% will close to 200 Crores because once the project is completed there after the warranty so at any point of time some components will become very big and BHEL used to be the predominant player in this space, it will come down to 13% to14% but it would be one to two years back it used to be almost 22%, 23% so that component and you see that this number is coming down every year.

Abhishek Poddar: Right and the age of this 2000 Crores is 90 days roughly?

Jami Satish: Yes, comparatively higher compared to other customer, but it will be because we are not seeing any threats or issues as far as BHEL is concerned because we have been working with them for almost for years so there is slight delay but still bit healthy.

Abhishek Poddar: Sir, how is the moment in the Q4 BHEL debtors?

Jami Satish: Sorry, Sir can you repeat?

Abhishek Poddar: I am saying that between June and September, how has the outstanding to BHEL moved?

Jami Satish: It is today's status whatever I have told, so it used to 100 days, now it has come down to 90 days and with the closure of the domestic project because Maître is a fast track project with the closure of the domestic project that might slightly come down to 80 or 75 days also gradually by year end.

Abhishek Poddar: Thanks a lot and best of luck. Thank you.

Moderator: Thank you. We will take the next question from the line of Rishikesh Oza from Robo Capital. Please go ahead.

Rishikesh Oza: Sir, I was saying on an execution levels you are saying that we have been maintaining around 200 to 250 a month, so in Q3 will crossing more than 600 vis-à-vis and Q4 within and Q4 to Q4 of Y2021?

Jami Satish: You are right, definitely Q3 should be a larger number and Q4 if you compare any quarter in our 20 years journey it always used to be the highest quarter because there is always pressure from the customer side too, we see both numbers quite large. We are confident that the overall target still remains intact, there will be no change.

Rishikesh Oza: On FY2023 execution of 3000 is not it bit conservative like give our execution levels of 30% or stressed levels of 40% should not we cross it around like more than 3000 level?

Jami Satish: You would have seen the communication from Power Mech management always what we can achieve minimum, because the conversion to my opening order book is already used to be 40% plus and I have taken a conversion of nearly 38% and there is every possibility that we can even push it to 40% but the number what we are saying is 3000 Crores plus is comfortable. There is every scope in that.

Rishikesh Oza: Also a clarification when MDO revenue start going into the P&L?

Jami Satish: It will start coming from FY204 because small revenue will see coming from 2024 onwards.

Rishikesh Oza: And what margins are we going to have?

Jami Satish: Because it is a capex nature so the EBITDA will be on an average 18% to 22%.

Rishikesh Oza: Got it. That is it from my side. Thank you.

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

Mayank Bhandari: Sir, I just wanted to understand firstly how is the situation in Bangladesh so we were expecting quite a lot of projects from there like the capacity expansion is slated to happen and gas and coal fire plants will come up, so how is the situation there if you can throw some light or are we expecting more order there and how is the execution of Maître projects happening or how much is left there?

Jami Satish: Can you repeat once again the question please, I could not make out?

Mayank Bhandari: Basically I wanted to understand the opportunity bucket in Bangladesh particularly as well as what is the status of Maître project?

S. K. Ramaiah: Okay, Ramaiah here. Let me see what I can tell that, you see Bangladesh is going to be bullish as far as the investments are concerned in power sector both on the coal side and gas side because they plan to add for the end of decade is from preset 21000 to 30000 megawatts and we have completed more than 225 megawatts earlier we have done Bheramara that is also 385 megawatts, our presence is there, in Maître we have done 37% of the work so far out of 850 Crores and this year our planned turnover is around 250 Crores, therefore there is going to be investments from variety of EPC players both from India and may be Japanese and other people, we have been following all these opportunities and we are quite bullish on the Bangladesh for the next the last couple of years.

Mayank Bhandari: Thank you very much.

Moderator: Thank you. We have the next question from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: Thank you for the opportunity. Sir, out of our order book excluding MDO, what percentage will be the fixed order contract?

S K Ramaiah: I think about 50:50 you can say, so some of the recent projects what we are taken the infrastructure there all with the price variation clause are applicable, then most of the BHEL projects are on firm price, what we are doing it and some of the private jobs what we are doing is also the firm price but in Adani recently what we were taken 650 Crores that is the price variation for the road job.

Anurag Patil: Sir, if the commodity prices shoot up again from the current level, so do you see any major impact on the margins going ahead?

S K Ramaiah: Yes, to some extent we have covered up, in the case of Dolvi we have almost completed the investment cycle, our capital almost projects are committed in, but two jobs what we have taken recently from Adani one is Kurmitar about 202 Crores there will be some impact to some extent we can cover it up and then the other job what we have taken it will fully covers up the latest steel prices and the major impact will be where we do pure steel work structural work there can be some impact, but in the case of civil works more or less we have covered up the impacts whatever the rises which have taken place recently in all the new jobs that we have to manage it how to cover it up maybe after some time we will approach the customer where there are issues.

Anurag Patil: Just one clarification on FY2022 revenue guidance I just missed the number, can you just repeat?

Jami Satish: We were targeting close to 2600 Crores.

Anurag Patil: That is it from my side. Thank you very much.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the floor back to Mr. Mayank Bhandari for closing comments. Over to you, Sir!

Mayank Bhandari: On behalf of Nirmal Bang Equities, I would like to thank the management for giving us valuable insights and do you have any closing comments, Sir?

Jami Satish: Thank you very much.

Moderator: Thank you. On behalf of Nirmal Bang Equities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.