



**“Vascon Engineers Limited
Q3 FY2020 Earnings Conference Call”**

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MANAGEMENT:

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MR. RAJESH MHATRE – CEO - REAL ESTATE

MR. SOMNATH BISWAS – CFO

Moderator: Ladies and gentlemen, good day and welcome to Vascon Engineers Limited Q3 FY2020 Earnings Conference Call. 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 Dr. Santosh Sundararajan from Vascon Engineers Limited. Thank you and over to you!

Santosh Sundararajan: Thank you. Good morning everyone. I welcome you all to the earnings conference call of Vascon Engineers for the quarter ending December 31, 2019. Joining me on this call is Mr. Rajesh Mhatre, our Real Estate CEO, and Mr. Somnath Biswas, our CFO.

I am sure you must have gone through the Q3 and 9M FY2020 financial results and the result presentation uploaded on the stock exchanges and on the company’s website. To start with, I would initially brief you on the company’s performance during the quarter followed by the industry opportunities.

We are pleased to share that inline with our strategy of improving liquidity, we have successfully monetize the land parcel approximately 8 acres situated at Kharadi for a gross consideration of Rs. 170 Crores to an SPV of Mapletree Investments. Transactions have been executed through Ajanta Enterprise a joint venture firm, where we hold 50% share. The entire consideration of the transaction has been received and the net cash flow post expenses and tax to Vascon is about Rs. 53 Crores. We believe this is a significant achievement for the company as the proceeds will be utilized partly towards de-leveraging our balance sheet and business operation, which will enhance company’s operating performance going forward.

After the sale of this land parcel, Ajanta Enterprises has left with developable area of about 8 lakhs square feet having the sale value of Rs. 550 Crores in Kharadi, Pune. Out of this around 4 lakhs square feet of forest edge and forest country are under development. Ajanta Enterprises also have TDR, which will be monetized going forward.

Moving on to our EPC business, during the quarter we have received an order of Rs. 133 Crores from the Airports Authority of India for the extension of existing terminal at Goa airport, Dabolim. With this our total order intake in the current financial year has reached Rs. 1,540 Crores leading to the highest ever order intake by the Company.

As we discussed in the earlier concall before start of the current financial, we had set a target of Rs. 1,000 Crores for order intake for this year. We are happy that we have successfully crossed this target significantly. We believe with increase in bank guarantee limits we will be able to continue bidding for new orders in the coming period as well. Our current total order book stands at Rs. 2,091 Crores out of which the strong external order book is Rs. 1,975 Crores and the internal order book is Rs. 116 Crores. With the huge order inflow in the current fiscal year, our business is getting back on the high growth trajectory. The current order book has given a strong

visibility of EPC revenue growth for the next couple of years. We are confident that the execution of new orders within stipulated time and costs will lead to better capacity utilization and better margin for EPC going forward.

Coming to the real-estate division, we have identified various launches of around 1.3 million square feet amounting to a total sales value of Rs. 730 Crores to be launched in the next couple of years. The new projects will be launched in Coimbatore, Madurai and Pune and we are confident our strong real-estate sales and marketing will help in successful launch of these projects.

We would like to inform you that all our launches made in recent past are progressing well. Also we have witnessed a fair uptake in Windermere and GoodLife in this quarter. In 9M FY2020, the company with a new sale bookings of more than a lakh square feet amounting to the total sales value of Rs. 85 Crores.

Moving on to the industry updates in the Union Budget 2020, government announced various measures, which will aid to boost the real estate and the construction sector. The government has proposed the new tax slab format, we believe the amended tax slab will ensure more dispersible income in the hands of people. This could be reviving the consumption cycle of the real estate and kick start the economy.

Extended the support affordable housing tax benefit for affordable home buyers under section 80EEA has extended till March 31, 2021, which is expected to positively impact demand in the affordable housing segment as well. Guarantee scheme for NBFC and HFC, government has propose to further enhance the credit guarantee scheme for NBFC and HFC, expected to provide some respite to the market.

Impetus on urban development, key urban development scheme such as Amrut smart cities, PMAY and metro MRTS projects saw a high funding. Government has accounted should develop 100 more airports by 2025 to support UDAN scheme also to redevelop 4 stations with the help of the private sector.

For healthcare sector, government has allocated Rs.68,000 Crores 10% higher from last year. Government has approved Niti Aayog proposal to link district hospital with private medical colleges on a PPP mode for setting up medical colleges and existing district hospitals. Also government proposes to develop 5 new smart cities in collaboration with states and PPP model. This provides huge opportunity for our sector. We believe these steps will help us garner growth.

Now, let me take you through our financial performance. Let me start with the standalone numbers. During nine months FY2020, the company reported a total income of Rs. 289 Crores as against Rs. 270 Crores for the same period last year.

EBITDA for 9MFY2020 stood at Rs.63 Crores, with the EBITDA margin of 22%. Profit after tax saw multifold growth with the profit of Rs.38 Crores in nine months FY2020 as against 8 Crores in the corresponding period last year; PAT margin stood 13%.

On a consolidated basis during nine months FY2020, the company reported a total income of Rs.411Crores. EBITDA grew by 130% y-o-y to Rs. 73 Crores with EBITDA margin of 18%. Profit after tax stood at Rs. 41 Crores in nine months FY2020 as against Rs. 4 Crores in the same period last; PAT margin is at 10%.

Total gross debt as on December 31, 2019, is Rs. 253 Crores. We intent to reduce the debt significantly in a few quarters with incremental cash flow generated from asset sale and Windmere sales.

We would like to reiterate the continued efforts of our team are getting results. The cash flows generated from land should act like catalyst to fuel the growth in both EPC and real-estate segments of the Company. With efficient execution capabilities we trust to maintain the momentum going forward supported by the strong order book and strong pipeline of project launches in real estate. The business growth in coming years looks quite promising. With this we can open the floor for question and answer. Thank you very much.

Moderator: Thank you very much. The first question is from the line of Rohit Natarajan from Antique Stock Broking. Please go ahead.

Rohit Natarajan: Thank you for this opportunity and I congratulate for the non-core asset monetization. Just wanted to know with this monetization that you have in hand this Kaledonia monetization, you have mentioned somewhere that Rs. 57 Crores odd is a kind of cash flow that you expect from this plus initially you guided in the past in fact in the last quarter that you were in talks with some bank to increased the BG limits, so are we really in a position to double our EPC revenue in the next year?

Santosh Sundararajan: Just there is a small correction, it is not from Kaledonia that we have monetized, it is from a land in Kharadi, so we have got Rs. 53 Crores of cash flow from that and you are right, so with this cash flow infusion as well as with our BG limits getting increased, we are in advance stage with the couple of banks and by March we target to enhance the BG limits further. We already have an assessment from SBI, with both these things in place yes, doubling the topline of EPC execution next year is definitely a target we have taken, I would definitely say somewhere between Rs. 500 Crores to Rs. 600 Crores is what we would do next years third party EPC revenue.

Rohit Natarajan: Sir, in terms of the projects that you are targeting in EPC, the big ticket projects are obviously the Maharashtra State Police Housing, PWD Raipur and then you have private order of Tycoon if I am not mistaken, then followed by BMRC these are the chunky orders if I go by that number, the

Maharashtra State Police Housing and PDW Raipur, could you throw some light where exactly the current stage of this project is, is everything there in the place to the execution done?

Santosh Sundararajan: At Raipur, the work has started. We already have close to 1000 labor at site, working is happening at full swing for the last two months and we have already raised a couple of bills so it is gearing up, every month our billing value is increasing, so Raipur everything is in place. Police Housing, we have not yet broken ground, we are waiting for environmental clearance approvals, certain tree cutting approvals, certain letter from PWD. There are some existing structures, which needs to be demolished. There were some people staying there, so the current status is that the people who are staying there all have moved out. We have got permission to demolish, so demolition will started probably next week itself and we are hoping that maximum by March we will be able to start work on police housing, they got the clearances, they have got all the approvals immediately.

Rohit Natarajan: Sir, if you could also touch upon something on Tycoon and BMRC projects?

Santosh Sundararajan: BMRC in Bengaluru is Rs. 159 Crores order for metro shed, the work has started. We have already started billing. We have raised our first invoice, so work is progressing and in fact the client is now raising pressure on us to do more work month on month, so I think that is going well. Goa airport, we have had a couple of meetings. We have not broken ground there, but they are also waiting for an approval, which they expect that they will get in March, so I think April would be a fair estimate where we will really start on the Goa airport. Tycoon was also going slow because of sudden financial issues at the client side, financial closures that he was working on, but he has also finished his financial closures and we expect that the work, we are already working, but we were working at a slow phase, we expect that the base of work there will increase again starting March, April onwards.

Rohit Natarajan: Is the situation similar with Adhiraj project?

Santosh Sundararajan: Adhiraj, we have got an 80-90 Crores order backlog, like 80 Crores I would say and work is happening at steady pace already.

Rohit Natarajan: Sir, in one of the non-core assets classification you have mentioned GMP Technical Solutions to, so is that asset on block now, is there any conversation that is happening with some of the new investors or new buyers by any chance, would you want to articulate something on that?

Santosh Sundararajan: No, we have not actively floating a mandate and looking for buyers in this market currently. We have done a lot with GMP and they are also on their way up in terms of improving their EBITDA, we expect them to well very next year and at that time, we will revive actively to find the suite up, but in the meantime we have got good order from Tata and that order is kicking up, so we are waiting for all those reflect on the balance sheet next year and then hopefully we will find a suite up.

- Rohit Natarajan:** Just my last question and this margin profile for the incremental booking in EPC, how would it be looking like similar to the current 16% kind of a EBITDA margin that you make or would it look different?
- Santosh Sundararajan:** I expect the EBITDA or gross profits that we are currently having EPC to come down marginally may be a couple of percentage points. The scale will help. Scale helps in one way, but at the same time, some of these projects, the earlier projects that we were having had a little bit of extra margin because of certain structures of the contract the current project I think, but EBITDA 16% might come down to may be 15% or 14%.
- Rohit Natarajan:** That is it from my side. Should there be any questions I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Vikram Kotak from Ace Lansdowne Ltd. Please go ahead.
- Vikram Kotak:** Thank you for taking my question. I have a little long-term question that we moved from debt trouble in the past very much improve situation right now, so what are the key areas to focus for next three year for the company in terms of you mentioned about airport project, you mentioned about the low cost housing and others also, how you are going because you might get order book, you may get much more orders, but how do you manage your risk side of it, how do you manage your liquidity, if I see from today to three years where do you see the company moving to and how Vascon will be recognized as in three years' time, what is your vision?
- Santosh Sundararajan:** That is a heavy question I would say. We are very clear in our focus going forward. The debt reduction in the next 15-18 months is the big target we have taken. We are already working on it. There are two reasons we have. One is on the real-estate side on a Windmere project, the other is the CC limit for EPC side, now the CC limit is not something we are worried about it is just Rs. 73 Crores, it can be easily serviced by our EPC division and in fact with the growth in EPC we would probably maintain that CC limit whereas the Rs. 100 Crores exposure that we have on the real estate is something we want to kill within the next 15 months, that is the target we have taken internally, so we will get done with that, our high cost debt will come down at the very manageable level that is the one target. Secondly, in terms of growth for the next three years, we do hope to keep our order intake on the EPC side at almost, of course I have mentioned last time also we were extra lucky more lucky that we thought, we would be in this year so far and we have already taken Rs. 1,500 crore orders when our target itself for the entire year was Rs. 1,000 crores, we might not be that lucky always, but I would still say our target of Rs. 1,000 crores for the next year as well would remain intact. We are working on the BG limits, those will get solved within the next couple of months, so by March 2021, we hope that we add another Rs. 1,000 Crores of order to our book and again, another number I always say the 30% of your order backlog is what you would execute in a year. Going by that we should already be executing Rs. 700 crore next year because our order back lock is close to Rs. 2,100 Crores currently, but police housing and some of the big project are just about starting, they have not reached, they are full monthly billing, so that is why I am projecting on the conservative side somewhere between Rs.

500-600 crores, if things go away this could will be crossing Rs. 600 crores next year itself, but two years from now, we should be definitely crossing Rs. 700 crores with the added order book in hand, so that is why we are looking for the EPC topline. On the real-estate side, we are also very clear in our strategy. We will not be investing in land, we are not going to be buying land even if at all cash flow permits at any point of time, we are focusing clearly on tie-ups whereby we liquidate our inventory fast a sort of glorified contracting where we do not play the long-term real-estate game of tying up a huge parcel and being stuck in the single location for 10 years, we will just launch projects as much as we can chew and once it is launched we are very clear that we sell and finish and get out within three years so it is as EPC slightly better gross profit margin, so that the strategy going forward.

Vikram Kotak: What is networth as on today, December?

Santosh Sundararajan: More than Rs. 600 Crores.

Vikram Kotak: What will be your peak borrowing target including bank guarantees and including the debt, so where do you want to see your debt equity ratio max going to even if you have more projects coming in the next one to two years?

Santosh Sundararajan: See, the CC limit on EPC is at Rs. 75 crores even for the next two years I do not expect it to go beyond Rs. 100 crores I mean that is definitely target, we will not increase of CC drastically, we are able to manage most of these approval from the projects itself, on the real-estate side if you bring down our Windmere debt the target is to bring it down to zero, so once that is done again, I think depending on which project we take a little bit of construction funding may be, so I do not see debt they were going more than Rs. 100-150 crores max in that range even for the next three years.

Vikram Kotak: You say Rs. 150 crores is the debt and Rs. 100 crores is CC. CC and BG combined, how much, CC I understood Rs. 150 crores, what is the guarantee and all that because that also continue in liability for you right?

Santosh Sundararajan: The BG limits will go up because I mean unfortunately or fortunately there is no way you can take job from the government sector without putting BGs on the line currently, limits will go up, we are currently having BG limits close to about Rs. 160 Crores and this we have already assessed for another Rs. 100 Crores, which we are planning to tie up, so this go to Rs. 260 close to about Rs. 300 Crores BG would be consumed over the next three years.

Vikram Kotak: So, we want to see as a real-estate player and the airport and the EPC player that is what our vision for the next three years, question is how selective are you even getting the project because there are so many projects available, which we all know, but what is the selection process now?

Santosh Sundararajan: We have two to three strategies in place, one is design and build. There is a mode of contracting, which is design and build and there is another popular mode, which is unit rate. We feel we had a

lot of value when design as our hope, we have a huge strength in all kind of engineering design coming from our real-estate experience, so we have in-house architect, we have in-house MEB designers, we have an in-house control on a structural design company, we have all the backward integration to offer a design and build solution, so we normally try and look for projects and the fortunately the government has also started moving in this direction off late and many of the departments including the airports, we have picked up, including the police housing project, they have all been awarded on lump sum model whereby we can influence the design, so our first target is to even on the private and the government side is to try and look for design and build projects where we can add value, we can probably hopefully ours gross profits intact till the end of the project that is one. Second, we are focusing on the government sector of course on departments like AAI and state government police housing where they already have the funding in place and they are not dependant on funds to be coming from various government departments over a period of time, so we do our research to find out if they have the funds in place that is one. On the private sides, we are very cautious. On the private side with private builders, we have been very cautious off late, we are trying to expand our reach towards more corporates and industrial work on the private side target for the year and also on the private side we do not put up our bank guarantees, on the government side we do not have a choice, but on the private side we do negotiate with our clients on these terms, so that is how we assessing our risks.

Vikram Kotak:

Thank you so much and all the best.

Moderator:

Thank you. The next question is from the line of Tushar Sarda from Athena Investment. Please go ahead.

Tushar Sarda:

Thank you for the opportunity and thanks for a very detailed answer in this question. My question was on your real-estate strategy, because you have a big team of real estate and fairly larger overhead, so what is plan there I mean are you planning to concentrate on the few cities or go all over the place because you are doing projects in Pune and then in couple of cities in South India, so if you can take me through that, that will helpful and second is on the EPC, what is the working capital requirement as you ramp up, how much working capital will be required in terms of number of days and third question is, what are your targets for revenue profits in FY2022 or FY2023? Thank you.

Santosh Sundararajan:

First, we will start with the real-estate strategy. The couple of projects that we have in South India are the legacy projects, one in Coimbatore, the projects, which we are going ahead and launching, because we already have a successful sale of phase I and phase II of that particular projects and we also have a very good visibility by the initial demand from the existing society itself, so therefore the strategy is not to ahead and launch that particular project because we are quite confident of that particular projects and Madurai again is another legacy project that we have, it is an old joint venture, we did a detailed research and we found out that, that project is very feasible, it again comes in the affordable segment where we would be launching and we are quite confident that we would have good success over there. Barring these two projects we do not have any plan to spread ourselves again in those geographies or entering into any other

geography and our primary focus will always be Pune. As far as overall pipeline is concerned of the existing project and the launches on the projects that we would be doing in the next couple of years, we have a total visibility of close to Rs. 1,100 Crores, this Rs. 1,100 Crores should be recognized over the next quarter. Regarding the question on the EPC working capital, we have a Rs. 75 Crores tie-up right now, even when go to performance levels of Rs. 700 Crores for the year, which we are hoping to do in this year or the next, monthly that would translate to about Rs. 50-60 Crores of billing per month and we do not need a working capital of more than two months normally, so that is about Rs. 100-120 Crores, we also do get some credit from our vendors, which will help us manage the working capital, so with this CC limit in place and with credit from our vendors, I think we have more or less sorted to handle our working capital issues as I said at the max Rs. 75 Crores drawdown we may augment to Rs. 100 crore, I do not see it going beyond that, so we have more or less have it sorted. Your second question on projection for 2022 and 2023, we would stay clear of actually projecting a number. As I said, EPC is definitely going to go more than Rs. 500 crore next year, which is more than a 60% to 70% growth compared to this year almost doubling and from Rs. 500 plus it would Rs. 700 Crores third party EPC alone for the year after next, CC would continue to grow at a normal 10% to 12% we could assume and real-estate again I think we have been doing about Rs. 150 Crores that would also we have about Rs. 700 Crores of launches out of which I think our share would be about Rs. 450 Crores, if all of this gets done in another 3-4 years, again we are talking about 150 to 200 per year from real-estate, so they all could add up to Rs. 1000 Crores odd, but it is an estimate and I would stay clear of projecting bottom line.

Tushar Sarda: Thanks for detailed answer. On real-estate, you said Rs. 150 to 200 Crores per annum is that the target?

Santosh Sundararajan: Yes, with the existing launches that we have in hand and the projects that are running, for the next two to three year that would be.

Tushar Sarda: What are you fixed overheads in the real estate division?

Santosh Sundararajan: So, our employee is about Rs. 12 Crores to 15 Crores and not more than Rs. 20 Crores, other than the interest in Windmere that is a separate topic.

Tushar Sarda: I am asking about employee and other?

Santosh Sundararajan: Rs. 20 Crores for the entire year.

Tushar Sarda: Thank you very much.

Moderator: Thank you. The next question is from the line of Nitin Ranjit from Capstocks. Please go ahead.

- Nitin Ranjit:** Thanks for the opportunity and I have asked this question a few times in the past, so what exactly is our non-current receivable looking like, receivables, which have been doing for more than one year, any other number with you?
- Santosh Sundararajan:** We will do is we will get the number out before this call ends, I will just report on that number in 5 minutes, may be I could another question in the meantime.
- Nitin Ranjit:** Sure and one more thing, we have actually done disinvestment from one of subsidiaries, so are we planning to sell the remaining FSI which we have or we have to develop?
- Santosh Sundararajan:** No, as I reported in my briefing, we sold one portion of the land, we still have another portion there, which we will be developing, we already have four buildings, which are under construction on that plot, which have to be finished and revenues are to be realized and we have a TDR over there, which we will be eventually selling, so we would not be selling anymore land, there is one parcel, which we will launch, there is two parcels where we have already launched and there is TDR, so that is what we have balance over there, so all of this would total up to a gross topline of Rs. 550 Crores, our share on the bottom line of all of that would be anywhere between Rs. 130 to 150 Crores the bottom line, gross profits.
- Nitin Ranjit:** Sure, regarding my first question, my question was pertaining to EPC?
- Santosh Sundararajan:** Correct, we are just getting that data out, I will report.
- Nitin Ranjit:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mahesh Bendre from Stewart & Mackertich. Please go ahead.
- Mahesh Bendre:** Sir, thank you for the opportunity. I joined the call bit late, I just wanted to know what is the current debt on the book now?
- Santosh Sundararajan:** Current debt?
- Mahesh Bendre:** Debt on the book?
- Santosh Sundararajan:** Gross debt is Rs. 253 Crores consolidated.
- Mahesh Bendre:** What is the outlook for next two years, what kind of?
- Santosh Sundararajan:** We have a target by March quarter do try and bring this down closer to Rs. 200 maybe 210 or 215 Crores we are working on it. We think that is fairly possible with the sale that we have already lined up and going forward, as I said GMP had debt of about Rs. 15 Crores and our CC limit is about Rs. 75 Crores, so that 90 to 100 would remain, so we would be down to Rs. 200

Crores by end of March and we are hoping that by next year we will come down below Rs. 150 levels and then come closer to Rs. 100 Crores in the three years.

Mahesh Bendre: Thank you, Sir.

Moderator: Thank you. The next question is from the line of Vikram Kotak from Ace Lansdowne Limited. Please go ahead.

Vikram Kotak: My question is answered. Thank you.

Moderator: Thank you. The next question is from the line of Kaushik Shekar from Vermilion. Please go ahead.

Kaushik Shekar: Good morning, Sir. Could you just throw the light on what would be the capacity utilization when you are doing this Rs. 550-600 Crores, from your presentation you have mentioned that you are at roughly 40%, so 550 Crores EPC turnover will represent what percentage of capacity?

Santosh Sundararajan: So, for next year we will closer to 80% and the year after that we would probably exceed 100%, which means we will have to augment our capacity, we do not expect any big capex nor big hiring at senior level for the next 15 months, but once we have another Rs. 1,000 Crores of order intake post March 2021, we would then have to grow by little bit of further investment in assets as well as in staff, so next year I would have operated about 80%, next to 90%.

Kaushik Shekar: Just if you can through some light, how would you define you capacity in this year and what is required to augment your capacity and what is your business model in executing capacity in terms of insourcing and outsourcing?

Santosh Sundararajan: Our capacity currently is defined by three aspects in EPC, one is our bank limits in terms of bank guarantee from financial side, point number two is the assets that we have, stuttering asset, the machineries to execute work that we already have with us and point number three is the senior manpower bandwidth we at senior level, we are quite to handle these projects, so we always for the last three year we have been operating much lower than our capacity on these aspects except the BG limits, which were close to consumed, the assets were lying idle and the manpower could have handled more than we had to handle, so that is why we always said that we are operating at 40% capacity. Next year, our assets lying in our yards will all be consumed at site. I do not think we will have any stock lying either at our yards and our manpower in terms of senior manpower will also be busy handling work on a monthly basis, so to grow further, to grow beyond Rs. 600-700 Crores annual execution we would have to invest in more asset, we would have to invest in manpower at senior level probably a bit of recruitment and we would have to argument our BG levels.

Kaushik Shekar: Just to get some idea, suppose you have augment by 2 million square feet, so what kind of investment will be required in stuttering and kind of machineries, just to give us some flavor?

- Santosh Sundararajan:** Typically, when you take Rs. 100 Crores of cost of investment in terms of machinery is not more than 5% to 7%, initially, since we had some machineries in place currently we did not even have to invest that kind of money when we get a projects, so to answer your question, we already have Rs. 2,000 Crores order book, any further order book that we take may be 5% of it would be a cash flow needed or capex needed, but we also get advances from these projects, so we have a BG limits in place, I think the cash flow or the working capital to manage the capex is available normally from the projects itself.
- Kaushik Shekar:** One last question, in terms of the realization prospect is it quite similar across the residential, commercial and infrastructure like airports are very different in open nature?
- Santosh Sundararajan:** It is quite different in terms of airport costing per square feet it is totally different to a commercial building, which is totally different to a residential building, so our rates per square feet for this projects would be totally different as you said across sectors.
- Kaushik Shekar:** I think you have not mentioned what is the rental you plan to receive from Kaledonia?
- Santosh Sundararajan:** 12.25 lakhs per month.
- Kaushik Shekar:** Thank you very much for your detailed answer.
- Moderator:** Thank you. The next question is from the line of Amit Kasturchand Kochar an Individual Investor. Please go ahead.
- Amit K. Kochar:** Sir, wanted to know about the peak debt in the reduced debt now at the level of 250 Crores odd, what was the peak debt is the company had before two to three years?
- Santosh Sundararajan:** We are little more than Rs. 330 crore, I think was the peak debt.
- Amit K. Kochar:** Just I was a bit puzzled because we have raised already Rs. 100 Crores of rights issue?
- Santosh Sundararajan:** No, you are talking post the right issue.
- Amit K. Kochar:** Just wanted to know, in two to three years the state of non-assets, the realization on the same and the reduction in the debt?
- Santosh Sundararajan:** Right, so we have brought down the debt by about Rs. 80 Crores it is down to Rs. 250 Crores gross levels, so it has come down from 30 Crores to 80 Crores in the last two to three years by sale of non-core assets.
- Amit K. Kochar:** Rather the non-core assets we can see just this alone has provided a bit position of Rs. 50 Crores, right?

Santosh Sundararajan: Current one, but that has not yet been factored, so the debt will further come down as I said March end, the debt will come down by at least another Rs. 25 Crores from current level because of this deal, which has not yet happened, in December it was not reflecting.

Amit K. Kochar: That is all from my side. Thank you.

Santosh Sundararajan: Can I just revert on those numbers, so the number is Rs. 25 Crores for the receivables, which more than one year and primarily comprises only three projects NBCC a project in Andhra with Adhunik about 5 Crores is receivable from there and state developers, which is an ongoing project in Mumbai, so this 25 Crores is receivable on the EPC side more than one year all of which we are in touch with them and we will definitely be collecting, so we see no reason for panic on those accounts.

Moderator: Thank you. The next question is from the line of Tushar Sarda from Athena Investment. Please go ahead.

Tushar Sarda: Thank you. Are you actively looking real-estate projects in Pune or you will just continue to develop what you have?

Santosh Sundararajan: No, we are actively looking for real-estate projects in Pune.

Tushar Sarda: What is your target, how many square feet?

Santosh Sundararajan: Target in terms of square footage, we have not kept a target in terms of square footage.

Tushar Sarda: In terms of value?

Santosh Sundararajan: So, in terms of value is right method probably, so per year on cost skills, which the currently we are targeting roughly that should be the potential.

Tushar Sarda: And by which year do you expect to reach that?

Santosh Sundararajan: Next year we should be in a position to reach that in fact even for the next year in terms of gross sales.

Moderator: Thank you. The next question is from the line of Mihir Desai from Desai Investment. Please go ahead.

Mihir Desai: Thank you for the opportunity. Sir, first of all my questions would be around the industry side, I just wanted to understand the impetus given by government during the recent budget for affordable housing and so, the target of building airports I think they have a target of 100 airports to build in next five years, so I just wanted to understand how Vascon or what would be the Vascon's share, which are eyeing from these developments?

Santosh Sundararajan: It is actually very exiting to know that, they are looking at 100 airports, so the good thing is most of these airports are in tier III cities. Therefore the airport ticket would be less than 300 Crores, less than 400 Crores, which is exactly the range in which the company like Vascon fits in if it is a huge airport above 1000 Crores normally we do not qualify, so I think we are quite excited that there are going to so many airports are going to be launched, we are already in AAI, we have already managed to breakthrough twice, we have got the Goa Airport, and the Adampur Airport and it is all on design and build models so I think we are more efficient on the designs, our experiences in Adampur and Goa will also be making us more efficient in the designs going forwards, so definitely we will target to pick up a few airports over the next couple of years, housing is another place where we have already got police housing, we have got PMAY in Pune, so we are already working on the housing projects that the government is launching, so again we expect to take more of such orders going forward as well. In terms of share of the pie, I think we have set up the target for the next year also of 1000 Crores order booking and then we will revisit the market scenario and set our target for the next year.

Mihir Desai: Lastly Sir, just wanted to know that for the asset monetization, what are the assets or key assets, which we are looking to monetize currently?

Rajesh Mhatre: So, currently we are looking to monetize Kaledonia, which is a kind of an immediate monetization that we are looking for. We are also looking to monetize Goa Hotel. This is in the short-term and in the long-term then obviously we have an Aurangabad land, we have the JV as Santosh earlier mentioned that this year of decent performance that should be on the block and we should be done with it.

Mihir Desai: That is all from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Dr. Sundararajan for closing comments.

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

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