



“Vascon Engineers Limited Q1 FY2018
Earnings Conference Call”

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MANAGEMENT: DR. SANTOSH SUNDARARAJAN – CEO
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MR. M. KRISHNAMURTHI - CCO
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Moderator: Ladies and gentlemen, good day and welcome to Vascon's Engineers Limited Q1 FY2018 earnings conference call. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Dr. Santhosh Sundararajan, Chief Executive Officer, Vascon Engineers. Thank you and over to you Sir!

Santosh Sundararajan: Thank you. Good morning everyone. Welcome to Q1 FY2018 earnings conference call. I have with me Mr. Rajesh Mhatre, CEO Real Estate, Mr. Santhanam, our CFO and Mr. Krishnamurthy, our Chief Compliance Officer and Stellar Investor Relations, our advisors for Investor Relations. We have circulated the presentation and I believe you would have gone through the same.

Let me initially share a brief background of Vascon post, which I will brief you on the current development and strategies going forward. Vascon one of the leading EPC Company has executed projects across segments like residential, commercial, hospitality, retail, industrial hospital, educational, institutes etc. During this journey of 25 years the company has executed many landmark projects and delivered approximately 34 million square feet in more than 200 projects.

At present we have the resources and capability of executing construction of more than 8 million square feet per annum. In the real estate segment the company follows an asset-lite business model like joint developments and joint ventures and is mainly present in Pune and Thane regions.

The company has current developable area of 31 million square feet for which land is fully paid for. The company has made an investment in GMP Technical, a professionally managed company in which Vascon owns 85% equity. GMP is one of the leading players in Clean Room Partition Systems and Turnkey Solutions Provider in India having manufacturing facilities in Baddi and Bhiwandi.

As you are aware we have raised close to 200 Crore in the last two years through rights issue, monetization of various identified assets and income tax refund till date. In addition to that we have realized significant receivables from various projects with continuous follow up with clients. Even currently we are continuing with our efforts of monetizing the rest of identified assets. We have expedited the process and trying to monetize them at the earliest to generate cash flow.

We estimate market value of over Rs.100 Crores for these assets. Some of the assets, which we are making efforts of monetization, are Aurangabad land, commercial property in Caledonia our stake in the Goa hotel, few flats in Vista Nashik Project and in Ella project in Pune.

We are determined towards reducing high interest bearing debt and the fund raised to be largely utilized towards repayment of debt and to fund the working capital of existing real estate project and launch of new real estate project in near future.

We are also in continuous discussion with banks to increase our working capital limits and working towards improving our credit rating which will significantly reduce our interest cost.

We are starting a huge growth opportunity in the affordable housing space. Housing for all by 2022 is also a development imperative. It is one of the best ways to catalyze growth and boost to investor sentiment with the government also focusing on smart cities mission the housing demand would be sustainable.

Catering to this huge growth opportunity in the affordable housing space, we have prepared comprehensive strategies to approach affordable housing sector in EPC as well as in the real estate segment. We aim to generate positive cash flows from the project in both EPC as well as real estate and very well understand that we have to maintain discipline in upgrading and execution of the project.

Now in our EPC business the company will be focusing on large and high value civil contract offered by government as well as reputed private developers. Various states such as AP, Telangana, Maharashtra, and Jharkhand are promoting affordable housing project in their state and allocated budget for the same. Our preferences would be to work on these projects. Our focus and strategy for third party EPC contract will be to complete the project in a planned time and cost and generate positive cash flows from the project.

We are in discussion with various government agencies and private developers for construction contract of affordable housing projects. In the real estate business we are planning to launch projects in Pune and in cities where Vascon has existing presence. The strategy is to generate better cash flow in each project by liquidating significant inventory at the launch of the project.

Target customer segment will be self-employed and low salaried personnel with fast moving product mix for one room kitchen one BHK and compact 2BHK apartments. We are one of the best construction capabilities and can construct any project in the affordable housing space at a much competitive cost than our peers.

We have identified a couple of land parcels for affordable housing project launches in the current financial year. One of the land parcels is at Katvi, Pune, which is our ownership land with the potential developable area of 4.6 Lakh square feet. The other land parcel is at Talegoan, Pune where we have a joint development agreement with landowner. The total developable area will be 1.16 million square feet.

Apart from the above we will also be launching the phase III of Forest County project in Q3 this year. We are on a phase of growth and gearing up to scale to new heights to achieve what we

acquire we are strengthening our current team across functions with industry leader to reap the large opportunities available in front of us.

In addition to leadership position we are also building teams across functions and across levels with dynamic professional at both business verticals.

Now let me share a brief summary of the results of Q1 of the financial year 2018. The company reported a total income of 85.58 Crores as against 63 Crores in the Q1 of FY2017. The EBTIDA for 2018 was 8.9 Crores as compared to 9.7 Crores in the previous year.

Profit after tax was 1.48 Crores as compared to 1.49 Crores in Q1 FY2017. During the quarter the company did new bookings of 59,785 square feet amounting to a sales value of 40.5 Crores. The company has a third party EPC order book of 458 Crores as on June 30, 2017. Total consolidated debt as on June 30, 2017 stands at 277 Crores.

This is all what I want to share. Thank you. We can now take questions.

Moderator: Thank you very much Sir. We will now begin with the question and answer session. We have a first question from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Sir, can you please throw some light on a strategy into entering affordable housing space?

Santosh Sundararajan: As I have highlighted, we are focusing on affordable housing space on two fronts. One is EPC and one is real estate. I will answer the EPC question first. See we have already developed designs and strategies for execution, which bring down the labour and make the designs modular thereby assuring quality and timely delivery without huge dependence on labour, at various locations for small volumes up to 2 to 3 lakh, 5 lakh square feet in a single location. As an engineering firm we have done huge amount of research on the kind of designs we want, the kind of material we want to use the kind of structural systems we want to follow and we have a product, which we believe as I said putting us in a position to deliver much better than the peers in the market. Now to use this expertise we are approaching, we are waiting for government tenders to come out in a big way as it stands. It is hitting up in many states but only I think Andhra Pradesh has actually awarded a couple of tenders. There are many more that will be getting awarded in the next few months of this year and we are hoping to cash in on some of them as an EPC player to deliver. Most of these tenders are also looking for turnkey solutions coming from the contractor itself so we are very much geared up for that. On the real estate side the EPC component remains the same we have already developed a fantastic product, which can be executed to the best of quality to the best of time. On the real estate side of things as a strategy we already have two locations as I said where we are planning to launch these affordable houses sub 25 lakhs one room kitchen, one bedroom and compact two bedrooms nothing more than 600 square feet. The idea is to also let the customer avail the benefits from the Pradhan Mandhri Scheme Yojna as well as for us as a company to avail whatever benefits tax benefits that the government is offering and we also feel this is the segment where there will be traction, of course the sales and marketing strategy would have to be entirely different compared to what Vascon

has been doing for our premium projects, but that is where we have recruited an aggressive new sales team who is specifically studying and focusing on this sector already. So by the time we launch our projects we will be in a clear position with the marketing strategy, the channels that we want to use and how we want to sell these products. The game I would like to say here is quite different from the traditional real estate game whereby we are used to much higher margins as real estate players in the premium side. Over here the margin per se would be much lower on a per square feet basis the sale price itself is low on a per square feet basis. We would also not be hoping to keep increasing prices every time we achieve a milestone of selling 100 houses or 200 houses. We would like to try and sell off the entire projects without much increase to the sale price and try and finish within two years and move on, so it is more of a volume game, it is more of a I would say glorified contracting with reduced margins per square feet compared to a Forest County or premium real estate that we are used to.

Mihir Desai: Correct. And Sir just wanted to understand are there any technical qualifications, which are required for this?

Santosh Sundararajan: You mean to qualify to a government to bid for these projects?

Mihir Desai: Yes, for the affordable housing specifically?

Santosh Sundararajan: Yes, that is always so each state when they put up a tender they have a various technical qualifications they come up with. Most of them are to do with the historical deliveries of project that we have done, some of them are to do with the financials in terms your network or in terms of the profitability and some of them technical qualifications should do with your capabilities what you are delivered in the past so from a government tender angle, yes, there are always these technical criteria's sometimes the projects are very huge and we are the company might not fit in those criteria but most of the project in the 500 Crore and sub 500 Crore range we will easily fit into these criteria's and would like to participate.

Mihir Desai: Also so coming to the states are we bidding like are we going for some specific states where we are focusing for bidding the projects?

Santosh Sundararajan: As we highlighted we are currently focusing on Andhra Pradesh, Telangana, Maharashtra we also looking at Madhya Pradesh we are in Karnataka and Tamil Nadu already so these are places where we are actively waiting up and following up with the tender because we see that over here some tenders are in the process of coming up pretty soon, I think for the short term this would be the focus area. And in Uttar Pradesh we are already there, so in places where we are already there we are of course keeping a track on the jobs that are coming out.

Mihir Desai: Sir lastly just wanted to know that how much order awards are we expecting in this space by end of FY2018?

Santosh Sundararajan: That is very difficult to answer.

- Mihir Desai:** Sir any ballpark figures if you can provide?
- Santosh Sundararajan:** See we hope even if we get a single order we are talking off in Andhra couple of tenders, see the other states that I am talking about have not really put up the tenders at all, we are just talking to them they are saying next month a few tenders will be coming up so we will have to wait and see what kind of tenders they are putting up but Andhra has moved ahead they have already awarded couple of big tenders to bigger contractors and now they coming up with smaller tender in the range of 200-250 Crores so we hope to bag a couple of tenders by year end from them also on the private side we are of course other projects where we are continuing to bid, so over there also we will be bagging some orders.
- Mihir Desai:** I will join the queue for more questions.
- Santosh Sundararajan:** Thank you.
- Moderator:** Thank you. We have a next question from the line of Ritwik Seth from Deep Finance. Please go ahead.
- Ritwik Seth:** Good morning Sir. Sir my first question is related to EPC; Order book is 450 Crores right now and say if we bag this Andhra Pradesh project 200 to 250 Crores what kind of order pipeline is there in the private segment?
- Santosh Sundararajan:** 450 was our order book as of June, in the month of July we have already bagged an 80 Crores order, which we have put up an announced from state and of course then we have executed in July and August we have executed part of this order book as well so it might come back to 500 but we are in talks in advanced stages of discussion with atleast three private developers for three jobs of 100 Crore each, so may be atleast one of them if it comes to this quarter and by next quarter we would have news on that front. So by end of the year again we hope another 250 Crore to 300 Crores from private side as well so that is definitely a focus which should have.
- Ritwik Seth:** So like in next 12 to 15 months we can expect an order book to reach around 1,000 Crores if everything falls into place?
- Santosh Sundararajan:** That is the target, yes.
- Ritwik Seth:** Sir you are saying that in the last call that in terms of funds you were not able to bid because of the banks restriction of giving more working capital so what has that progress and any status on that?
- Santosh Sundararajan:** As you are aware Rajesh has joined us as CEO on the real estate and he is pretty much working on the financial side of things as well so he has been pushing with all the banks and our banking relations as it stands and I think I will just leave it to him to answer on what is happening on the banking side.

- Rajesh Mhatre:** On the banking front, as far as the limits for the EPC division are concerned, we are presently in a comfortable position that incremental EPC orders for 500 Crores can easily be obtained. Going forward in the next quarters depending upon what is the order book position and the kind of limits that we really did we will reassess and increase accordingly but yes banks are looking positively towards it and we believe that we should be in a position to achieve that.
- Ritwik Seth:** Okay so you are saying that for next 400 to 500 we do not need any additional non-fund limit?
- Rajesh Mhatre:** Absolutely.
- Santosh Sundararajan:** Basically the non-fund limit was not being allowed to operate by the bank has now opened up because we have also paid back some money to the bank and we have actually renegotiated and discussed with the bank we do have 40-50 Crore of non-fund limits BG limits as it stand available with us which will help us bid to up to 400 to 500 Crores and also we have worked aggressively Rajesh and team has been working aggressively with the rating agencies that was something which we have not gone and got ourselves rerated for last couple of years, so that will also fructify pretty soon and once we have that rating in hand the banks will further we approached and they would definitely be more positive.
- Ritwik Seth:** In terms of revenue for this year should we expect this kind of runrate for next three quarters?
- Santosh Sundararajan:** Yes, I would stick my head out and say yes, that we have done it in the first quarter we have a revised new sales team that is working aggressively on selling off our real estates so that traction has improved plus we are seeing potential orders coming in on the EPC front also, so I would say we should.
- Ritwik Seth:** I was specifically talking regarding the EPC side?
- Santosh Sundararajan:** Yes, even on the EPC side we should achieve this run rate.
- Ritwik Seth:** Okay and Sir can you give the numbers for GMP Technical?
- Santosh Sundararajan:** GMP we do not have. We have not consolidated the account.
- Ritwik Seth:** Yes, so is it possible to share the numbers?
- Rajesh Mhatre:** Exactly, we will share it with you.
- Ritwik Seth:** Okay no problem. And Sir on the standalone I feel capital employed for real estate segment is around 450 Crores is it possible to share the consolidated figure as well because we will have some real estate projects in an SPV?
- Santosh Sundararajan:** So that is consolidated only. There were few entities about seven eight entities which were not in the standalone as of last year.

- Ritwik Seth:** Sir that is reflecting in June ending because like if this announced a week back?
- Santosh Sundararajan:** Yes, that is reflecting in these accounts so these accounts are prepared after that.
- Ritwik Seth:** So now all real estate projects are in the standalone.
- Santosh Sundararajan:** Yes.
- Ritwik Seth:** Sir in terms of affordable housing where we are in terms of approvals, registration, with RERA and everything like are we on track to launch by Diwali?
- Santosh Sundararajan:** For which one?
- Ritwik Seth:** Affordable housing, Katvi.
- Santosh Sundararajan:** No affordable housing Katvi will happen in Q1 of next year that is last financial year quarter of this financial year. What we will be targeting to launch this would be the Forest County project because there the approvals and everything are pretty much in an advanced stage so the phase III of Forest County would get launched this year. Platinum Square has an extension phase II which is getting launched this year and then we would wait, I think January, February and March is when we would see Katvi if possible Talegaon and in Coimbatore we have phase III of our Tulips project.
- Ritwik Seth:** Do we have the necessary approvals and everything cash the working capital limits and marketing expense and everything related to all these projects like is it possible to do the real estate projects like launching so many projects in this financial year?
- Santosh Sundararajan:** Yes, so see some of them like Forest County is self-sufficient, phase II. We do have the funding tied up Platinum Square is again phase II, phase I is funding it so again Coimbatore would be phase III, Windmere relaunch we do have a tie-up with Edelweiss we have a draw down on that and so each case has been specifically addressed for its cash flow requirements to achieve these launches so all that planning all that allocations have been done.
- Ritwik Seth:** Sir but with RERA just for my clarity with RERA kicking in we could use the cash flow for phase II and phase III like is it possible to do that?
- Santosh Sundararajan:** One phase II is completed, it will achieve its completion certificate so there the cash flows are there and in any case phase II is out of RERA because we got the CC before RERA.
- Ritwik Seth:** Sure, right. And Sir last question in terms of monetization where are we like as we spoke where are we in terms of monetization for all the projects especially for the Aurangabad land?
- Santosh Sundararajan:** Aurangabad land is bit sticky. We been trying so we have been exploring other with the Aurangabad with the current impetus from the government on low cost housing also trying to

explore whether although it is in MIDC as an industrial zone land so we are seeing if there is a possibility of approaching the government to convert it and then if that is possible we might even explore the possibility which is probably a better thing to do is to do a low cost housing project there, which will definitely even if we sell at low rate as per Aurangabad market it will still give us much better valuation than trying to sell the land as it is. So we are trying to explore this possibility first, if this really does not work out then we will have to refocus on trying to sell the land. But as far as other assets so we have a as I said we have recruited a sales team in the last two three months we have actually recruited more than 30 people on the sales and marketing side and specific team has been formed to only focus on assets old assets which were not getting sold like the Caledonia, like a few flats in Tirupur, like Ella Project had eight to ten flats, which were not getting sold for a while we have office space in Mumbai in Ghatkopar all are small assets which are add up to a good amount we have focused on individually, 5-7 Crore house in Marigold another 1Crore house in Marigold so all of these bits and pieces that were left around are focused, specific team is now focusing on each of these assets and I am glad to say in fact this quarter we have already sold the Mumbai office. We have sold three units in Ella in last one month, which were not getting sold for the last six months. So I think their focused approach has changed and we will definitely see more of these sales in the next quarter.

Ritwik Seth: Okay so you mention that you sold your commercial property in Caledonia in Andheri, right?

Santosh Sundararajan: Yes, we have a property we have not sold it.

Ritwik Seth: Okay and what is the square feet in the Caledonia Property?

Santosh Sundararajan: It is about 9,000 square feet carpet. So it is more than a 20 Crore asset actually so we are aggressively trying to see if we can monetize and that that will give us a lot of breathing space and our office, we occupy the office in Ghatkopar, which is only 3.5 Crore asset which has got sold.

Ritwik Seth: Okay so around 10-odd Crores of monetization in Q2 we can expect.

Santosh Sundararajan: Yes. We can expect more but yes, 10 is a conservative target.

Ritwik Seth: Sir my last question is regarding GMP any progress on the sale of GMP like are we considering now actively or it still not yet turned around to our liking and it is still sometime away what are your thoughts on that?

Rajesh Mhatre: KPMG is working on it so we are expecting to take conclusion after some time.

Ritwik Seth: Okay and any active buyers like anyone are shown interest?

Santosh Sundararajan: No not as of now. In fact we are also not aggressively pursuing at front. We already feel it is not the right time to get the correct valuation so we still making some changes within GMP and I

think we will be in a better position to answer this in a couple of quarters down the road I then see how we can channelize the direction to achieve the sales.

Ritwik Seth: Okay and what kind of valuation you would be happy with?

Santosh Sundararajan: I would not want to speculate on that right now, but one thing is clear that we are focused that this is a non-core asset as far as Vascon is concerned so all efforts are only being made to revive to stabilize it in the short term, such projects are only selling and exiting this in the short to medium term.

Ritwik Seth: Okay so may be like one or two years down the line we should be able to sell it. And then focus on EPC and the real estate.

Santosh Sundararajan: Focus would only be on low cost housing if at all completion of the existing housing or premium real estate and EPC only focus we want to.

Ritwik Seth: Just one final question in terms of like the Lodha deal which got cancelled any fresh updates like any investor or any fund that you are looking to raise in the next say two to four quarters?

Santosh Sundararajan: No so we in fact internally strategize that post that we further time being we do not want to look at any equity raise. We would rather concentrate on execution of these projects and these launches and bagging EPC order book and look at it at a much later date.

Ritwik Seth: Okay so basically we will be generating internal cash via selling all these 100-110 Crore assets and working on current projects.

Santosh Sundararajan: Yes.

Ritwik Seth: Thank you and all the best.

Moderator: Thank you. We have the question from an individual investor, Amit Jain. Please go ahead.

Amit Jain: Sir regarding there was buzz that in the market that there is some SEBI enquiry going on our company wanted to know the status of the same?

Santosh Sundararajan: I think whatever SEBI enquiry is there on, they did send us a letter enquiring about why the Lodha deal fell out, and we have replied to that and that was the only interaction with SEBI, nothing beyond that.

Amit Jain: So whether the same is closed or not?

Santosh Sundararajan: We have not heard anything from them beyond that they asked us one set of questions we have replied to it, so we do not know.

Amit Jain: Secondly Sir how about the current cost of loan whether the same has reduced from previous quarter?

Santosh Sundararajan: You see the cost of loan is steadily reducing but at a slow pace but this we will see over the next two quarters would the rating is the key here. We are aggressively focusing on the rating with the rating agencies and hopefully this quarter the rating would be revised once the rating is revised then the negotiations with the banks would be definitely much easier than we are able to do right now. So then the rates will come down.

Amit Jain: What is the current cost of interest Sir, average?

Santosh Sundararajan: Around 16 may be lesser than earlier.

Amit Jain: Sir when I think the cost of loan available to even small developers is far lower than what we are getting right now, we are at a much, much better place.

Santosh Sundararajan: You are right, so that is our endeavour to try and solve, see we got into a sort of a state with the banks where they are cooperation was not there although never that we have defaulted on any payments to any banks.

Amit Jain: Why do not we plan to change a banker then if at all there is no cooperation, because we have lot many banks, even when I am tracking small developers they are enjoying the rate of interest which is far more lower than our company and we are at a far better place of execution as you said and we have not defaulted in any of the payments right now, then we have the power to bargain.

Santosh Sundararajan: You are right, and I think Rajesh will also just add a point on this, you are absolutely right and we are working on it.

Rajesh Mhatre: See we are working on all the loans and we do understand that our cost of borrowing presently high, the cost of borrowing also has to be considered in the context of what kind of security what kind of property is available as a cover to the banks. You know that we are typically into a most of the JDA agreements where you know the land owners do not provide land as a security so obviously they are not in as easy situation as far as security package towards banks are concerned but we take your point and we are working on it and in the next two three quarters definitely you will see a change in the borrowing rates.

Amit Jain: Thanks that is all from me.

Moderator: Thank you. We have a next question from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Sir just a follow up question, Sir wanted to know the strategy from your side on funding front like how aggressive are we acting towards to that issue?

- Rajesh Mhatre:** You are talking specifically with regard to equity fund raising or debt fund?
- Mihir Desai:** No, from debt, equity you said that we would not do equity.
- Rajesh Mhatre:** Right, as far as debt fund raising goes, the present strategy is (a) replace whatever high cost debt with low cost debts we are looking for the new projects provide us with an opportunity where typically we can borrow very cheap typically what are the high cost debts, which are lying on the balance sheets we can clean those high cost liability with low cost ones and then we proceed in a very focused and structured manner so that is presently the objective.
- Mihir Desai:** Okay and Sir how is the response which you are getting from the market is it positive?
- Rajesh Mhatre:** It is extremely positive. The response which we are getting from market in fact for the kind of fund raising targets, which we have we have much more than the required interest that has been shown by banks and we are also looking positively towards it. Yes, as we speak nothing has been close but we should be in a position to close most of the things in this quarter and we should be in a position to announce this year.
- Mihir Desai:** That is all from my side Sir. Good luck.
- Moderator:** Thank you. We have the next question from the line of Prachi Raut from Prabhudas Lilladher. Please go ahead.
- Ram:** Hi Sir this is Ram. I just wanted to know a rating, what is the current rating for us now?
- Rajesh Mhatre:** Presently the current rating is suspended. So technically there is no current rating, we are going for a fresh round of rating.
- Ram:** So what was the last rating, which we had?
- Rajesh Mhatre:** Last rating in the year 2014 was C.
- Ram:** Okay but I am just surprised because if we had such a large bank limits why were we not taking ourselves rated Sir?
- Rajesh Mhatre:** That was a mistake from the company's front that the rating that was downgraded that again was because the company did engage with the rating agencies so it was kind of a lapse which should not have happened but yes, having said that we are correcting it, it was a big lapse from the company side going forward we will ensure that such lapses do not happen.
- Ram:** Because if suppose you are not getting rated yourself the provisioning itself for the bank goes higher and with the higher interest rate so one thing is that. Second thing is when our Lodha deal had collapsed we were saying that we were looking for some other kind of arrangements so one

is our monetization of assets so any progress on getting other investors or something or have we move ahead on it or we have just scrapped it and we want to focus on monetization of assets?

Rajesh Mhatre: Yes, Santosh already had clarified that as far as equity is concerned, I think you know we are not looking to raise any fresh equity as far as the equity is concerned and our focus completely is on monetization of the non-core assets and we have started successfully with the same and we hope in the coming years we could achieve some good results out of it. There is a dedicated team which is completely focused on monetization of these assets and we are also seeing traction it is not that we have just formed a team and we are seeing traction three units in Ella and one office property, a good big office property in Mumbai has been sold, and I am not talking about Caledonia but we are seeing traction and we should see the results.

Ram: Last thing which I wanted to ask is we have big plans for affordable housing and you clarified in terms of that we have sufficient amount but I just wanted to know for starting the projects on affordable housing what amount of money we would be requiring because earlier the financing was atleast easily available but post RERA there would be the benchmarks in terms of stage wise completion is there, so how much funding atleast we would be initially requiring for starting this project?

Rajesh Mhatre: See if you are talking about the affordable housing projects, affordable housing projects launch is quite far so the Katvi launches which Santosh spoke about will happen only in the last quarter of this financial year and in all probability post February we are looking at because there is a flurry of launches that are going to happen for Forest County, Windermere, which are the premium projects which would be relaunched so February – March is the time where we are relaunched this project, coming back to your question as to what kind of funding that would be required for launching this project you know it would not be in excess of 20 Crores at the start which I think is not a huge number and yes, we can easily have bank limits for tied up for this kind of money because it is a low level of funding considering the topline of this combined project would be in excess of 700 to 800 Crores.

Santosh Sundararajan: We have negotiated with our landowner to put up their land to secure funding temporary borrowings on the project.

Ram: Okay and the last question from my side is in terms of your how much of rating savings you can expect around 200-300 BPS once we get our rated?

Santosh Sundararajan: That is the target, yes.

Ram: Thanks Sir.

Moderator: Thank you. The next question is from the line of an individual investor Mr. Amit Jain. Please go ahead.

Amit Jain: Sir it is regarding the Thane property Sir. I wanted to know about there were some kinds of clearance pending in Thane property, any updates on whether we are working on clearance part of or launching in that line?

Santosh Sundararajan: No, Thane is still very far away from launching, the clearance you are talking about is probably the zoning conversion that is pending there is nothing much we can do about that the papers are apparently moved up, up to the CM's level in the next DP we are hopeful that our land would come in a revive zoning which will then help us then start thinking about how to monetize that asset, but it is a very big asset and it is very long shot.

Amit Jain: Thank you.

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

Santosh Sundararajan: Thanks all of you for participating see you again next quarter.

Moderator: Thank you. On behalf of Vascon Engineers Limited that concludes this conference, thank you for joining us. You may now disconnect your lines.