



**“Vascon Engineers Limited
Q4 FY2020 Earnings Conference Call”**

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MANAGEMENT:

DR. SANTOSH SUNDARARAJAN – CEO

MR. RAJESH MHATRE – CEO - REAL ESTATE

Moderator: Ladies and gentlemen, good day and welcome to Vascon Engineers Limited Q4 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 Sir!

Santosh Sundararajan: Thank you. Good morning everyone. I welcome you all to the earnings conference call of Vascon Engineers for the quarter and year ended March 31, 2020. Joining me on this call is Mr. Rajesh Mhatre, our CEO of Real Estate Division. I am sure you must have gone through the Q4 and FY2020 financial results and the result presentation uploaded on the stock exchanges and on the company’s website. I hope you all are staying safe. 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 in FY2020 we have received order intake of Rs. 1,671 Crores, which is the highest-ever order intake in a year. With this we have significantly surpassed the set target at the beginning of the current financial year. Our current total order book stands at Rs. 2,060 Crores with an external order book of Rs. 1,953 Crores and an internal order book from our real estate launches at 107 Crores.

In the current financial year we have entered into a new segment with the orders for metro work from Metro Rail Corporation in Mumbai and in Bengaluru. Also, we have received an order from the Airport Authority of India for an extension of existing terminal building at Goa. With the Government impetus on developing more than 100 airports by 2025 under the UDAN Scheme and metro rail connectivity in 15 new cities, this has opened up new avenues of growth for the company.

Our business was moving back on the high growth trajectory with huge order inflow in the current fiscal year, which got slightly impacted by the unprecedented pandemic situation right now. In Q4 FY2020 our EPC revenue had a minor impact of COVID-19 as construction activities had come to a grinding halt across the country due to nationwide lockdown. However, we resumed the operations at majority of our site while ensuring that all safety measures setup by the government are being adhered to. We expect a gradual ramp up in construction activities. Our current order book is comfortable and gives a strong visibility of EPC revenue growth for the next two to three years. We are confident that the execution of new orders within stipulated time and cost will lead to better capacity utilization and better margin for EPC going forward.

Over the last couple of years, our primary focus has been on improving the liquidity of the company. During the year we have achieved a significant milestone, we have successfully monetized the land parcel in Pune, which had generated a net cash flow post tax of Rs. 52 Crores to the company. The proceeds are partly utilized towards deleveraging of the balance sheet and

business operations. Resulting in strengthen of our balance sheet and aided in maintaining the adequate liquidity during these difficult times. In the wake of current crisis, the sector is facing working capital issues as banks and NBFCs are getting risk averse. Wherein, Company's liquidity is sufficient carry out operation smoothly and do not foresee any liquidity concern in near term.

Now coming to real estate division 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 the current financial year. In FY2020, the company did new sales bookings of 1.35 lakhs square feet amounting to a total sale value of Rs.116 Crores. Current crisis is expected to create short-term demand disruption in this sector. At that point the impact of demand disruption would be less as the company's existing unsold inventory is very low. Presently we are focused on liquidating our existing inventory with support of strong real estate sales and marketing team. Going forward we would be very cautious in launching new projects, we will thoroughly review the product timing and pricing of the new launches.

It is a challenging time for the sector, to combat the impact of the global pandemic COVID-19. The government has announced several measures like release of partial BG as against proportionate work done, reduction of borrowing rate, extension of three to six months construction timeline, moratoriums on term loan for six months, liquidity schemes of Rs.30000 Crores for NBFCs and HFCs, consideration of real estate project and the force majeure, etc. We believe government efforts through quality reform will provide the required support to the sector. With economic revival we expect the sector to move back to the growth trajectory.

Let me take you through the financial performance. Let me start with the standalone numbers. During FY2020 the company reported a total income of Rs. 383 Crores as against Rs. 392 Crores in FY2019. EBITDA for FY2020 stood at Rs.62 Crores with a margin of 16%. Profit after tax stood at Rs. 38 Crores in FY2020 as against Rs. 15 Crores in the corresponding period last year. The PAT margin stood at about 10%.

On a consolidated basis during FY2020 the company reported a total income of Rs.541 Crores. The EBITDA grew by 68% year-on-year to Rs. 74 Crores with an EBITDA margin of 14%. Profit after tax stood at Rs. 40 Crores in FY2020 as against Rs. 5 Crores in FY2019, the PAT margins at 7%. . Total gross debt as on March 31, 2020 is Rs.254 Crores. We intent to reduce the debt in the few quarters with incremental cash flow generated from assets sales and Windermere apartment sale.

We would like to reiterate with our strong growth and experience along with strengthened balance sheet will aid us to tide through this tough time and with efficient execution capabilities; we thrust to maintain the momentum going forward supported by a strong order book and strong pipeline of launches in real estate. With this we can open the floor for questions. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Rohit Natarajan from Antique Stock Broking. Please go ahead.

Rohit Natarajan: Thank you for this opportunity. Sir I understand that the current situation is quite grim and earlier we were targeting close to Rs. 600 odd Crores kind of number from the EPC division itself because the kind of order backlog that we have is nearly at multi-year high so now that given the current situation is looking like how would you want to throw upon some light on how the execution will happen across all these projects, more importantly on the Chhattisgarh project and the Maharashtra project?

Santosh Sundararajan: We got a new order book of close to Rs. 1,700 Crores last year comprising primarily of the Chhattisgarh project, the police housing in Pune, and a couple of others, Bengaluru project, Goa Airport and housing project in Pune for the government and a couple of pilot projects that we bagged. I would say that as of end of last year out of the Rs. 1,700 Crores only the Chhattisgarh project has really taken off and we have not executed more than Rs. 50 Crores out of this entire Rs. 1,700 Crores new orders that we have taken, so good to say that almost the entire order intake is still pending execution, which is a good news. The good news also is that all of these projects now as it stands today all of these projects have started they have got their requisite permission, the police housing in Pune was stopped for the last few months for permission to demolish one existing structure there we have got that and we have started demolishing. The housing project in Pune was also stopped for approval for a long time that we have got this approval and we have started work from March, which is why I said work has started. The MMRC project the latest one that we bagged in South Mumbai also the work is starting in July. The Bengaluru project the work has started from March and we have labor over there. So the good news is construction is at full speed. Now the only issue is the issue of migrant labors, we only have less than 40% of our desired strength of labor currently and we are in touch with all the contractors, the labors are giving positive signals, that they would be coming back as soon as possible as soon as trains efficiently function and a little bit of positive comes out of Pune and Mumbai in terms of the COVID situation, so we are hoping and fingers crossed, by next time the labors will start coming back and all these projects have started the entire order book is available for execution. So the answer to your question yes we were targeting close to Rs. 600 Crores from EPC alone quite clearly that is no longer possible as a target. It is very difficult for us to speculate on a target because we really do not know when the labor is going to come back in full strength, but having said that we are still very much poised to do better than what we have done in March 2020 in both topline and bottomline.

Rohit Natarajan: Sir the second leg of the question comes in terms of the cost overruns that is during this tenure your EPC division is anyway incurring annual employee cost of Rs. 30 odd Crores and other expenses, how does the fixed expenses would look like and the other question is the PVC, price variation cost within this current phase is it scalable or what is the magnitude in which you will have to absorb the gross margin losses if any?

Santosh Sundararajan: I will answer the second part first. The good thing about all key materials are base rated, which means any increase in price for any kind of material so out of Rs.100, Rs.60 at least the cost of material in construction and all those materials are covered by escalation clauses so that is not a worry, neither in 70% of our contracts we have PWD index cover that will help us cover present labor escalation, we do anticipate that the labor cost is going to go up at least in the short term when labor starts coming back and the demand for labor is going to be higher than the supply over the next three months definitely the labor cost is going to go up till majority of the labor comes back. So some of that will be absorbed for us by PWD escalation clauses that exist in our government contracts, some of it we might have to negotiate with the client, but in terms of a proportion it is a very small proportion of our overall cost so I would say we have fairly covered in terms of risk of escalation. Coming to the first part of your question in terms of fixed cost the first quarter as far as we are concerned is almost a write off of course we are working, but we will be achieving a small proportion of our monthly target so we have taken rapid measures within the company to bring down the fixed cost for the year, we have taken the situation head on there is no running away from it, we have cut salaries, we have renegotiated rent, we have taken all the measures in the last three months possible to ensure that our fixed cost this year are going to be definitely lower than last year unless we really scale up in the last quarter in terms of work done, so we have taken all the necessary measures needed to bring down our fixed cost.

Rohit Natarajan: In terms of the BG limits earlier you were in conversation with SBI I am not mistaken to raise those limits and they were expected to revise those limits by March is there any progress on that particular development?

Santosh Sundararajan: We got Rs. 40 Crores limit sanctioned from UBI then we have still looking for another Rs.50 Crores of sanction now because of COVID in the last two to three months the negotiations with the banks and discussions all came at halt, we restarted now with a couple of banks for an additional Rs. 50 Crores limit, but the goodness from the whole situation is that as I said in my speech the government has come forth and said that in government projects where our BGs are stuck is the significant completion that have been achieved then they are ready to now release a significant portion of the BGs that they are holding and so we are now in discussion both at Lucknow, in Mumbai a couple of old projects where we are almost close to completion to renegotiate on the amount of the BGs they want to keep and release our BGs and even with those BG releases we should have Rs. 30 to 40 Crores limit available within the existing sanctions that we have already so that can help us further the orders for the year and yes we will continue to try and get that Rs. 50 Crores additional limit for this. We already have an assessment from SBI we just need a tie-up with the bank.

Rohit Natarajan: Just to understand to summarize the points that you made how much is the total non-fund and fund based limit and how much you have utilized?

Santosh Sundararajan: Fund limit is Rs. 73 Crores CC I think that stands normally utilized anywhere between Rs.65 and 73 depending on we keep parking our the CC so sometimes it is in the range of 60 sometimes it goes over to 73, but the non-fund limit we have is a total of 120 plus 40, 160 Crores of non-fund

limits that we have out of which roughly 140 utilized as it stands, 143 I think so we have 17 Crores unutilized plus we are targeting to get back at least 20 to 25 Crores of BG over the next couple of months from our clients so that is the limit 30 to 40 Crores based on which we can take up at least Rs. 100 Crores more of order book.

Rohit Natarajan: Last question from my side on the non-core assets, the Goa hotels or the Kaledonia or Aurangabad or even for that matter are we planning to move any stake sale as such or are we in some point of conversations?

Santosh Sundararajan: We are in a advanced stage of conversations in Kaledonia, the same goes for Goa also but of course the COVID situation now I think to be fair the Goa hotel discussion will get postponed by a bit because you know it is in hospitality and we all know what hospitality have gone through so that is going to take a little bit of backseat for a month or two, but we are in discussion for these assets, GMP not yet, GMP not at this stage.

Rohit Natarajan: GMP and real estate segment will be status quo as the way it was; GMP is also witnessing some kind of headwinds in a big way?

Santosh Sundararajan: GMP it is similar to Vascon EPC in the sense that the fixed cost for these two months definitely has to be addressed because work has not been done so there will be no topline, but the good thing of GMP is whatever order is backlog they can catch up on that unless Vascon in construction where lost time is lost time. GMP they can still catch up on the lost orders over the next three quarters so the status we could hope to ramp up and try and achieve the targets of GMP that they have set for themselves in the beginning of the year. Real estate is a different story I think I will leave to Rajesh to just to take you up through on real estate.

Rajesh Mhatre: Real estate overall in the past year also we have been very, very cautious in fact we did just small launches not more than a lakh square foot of fresh new project that we launched in the previous year our focus was always on liquidating the existing inventory that was the focus area and take new projects cautiously. The COVID situation has not changed the outlook obviously we are more cautious, but overall in fact what we achieved last year in terms of sales we should be in a position to do more so that will be focus for the year.

Rohit Natarajan: Thank you Sir. That is it from my side. Should there be any other questions I will be back in the queue.

Moderator: Thank you. The next question is from the line of Viral Shah from Prabhudas Lilladher. Please go ahead.

Viral Shah: Congratulations that you have very good order book for FY2020 in this situation. Sir, couple of questions in terms of our order book will you see that any of our projects could get canceled because of the COVID or there could be some deferment in terms of projects to start execution or work you start on ground level?

- Santosh Sundararajan:** So in the Rs. 2,000 Crores order backlog almost 75% is government orders, only 20% to 25% is private orders where we are exposed to the housing demand in the private sector. The government order so far none of them have forget about officially expressing anything even sent any soft signals towards one thing to slowdown or reduce or not start or anything in fact the pressure is now back on us that all our projects we set target for the month and catch up on the lost time and catch up on everything and we are now of course struggling to get the labour count without which catching up is not going to happen, but the good news is that each of client is putting pressure on us now to do more and more in July, August and September and they are setting aggressive target, so none of the projects so far seem to have any issue in terms of the funding provisions, the government projects and they seem to be aggressive about finishing the projects on time. The private again nobody has indicated anything to us, nobody in fact is pushing us and they are also talking about finishing points and catching up; however, we could expect given that real estate will take a few months to come out of this shock so we could expect and be a little bit cautious on what the project turnover is coming up through the private sector, but I do not see this as a major problem yet, no indication to us.
- Viral Shah:** Basically in terms of working capital as you rightly mentioned that there were authorities who have been pushing to start the work on time so how is the payment structure from center and state authorities in terms of working capital or the payments are being made on time or we are seeing some delay happening on that Sir?
- Santosh Sundararajan:** So far more than 50% of the government order intake that we got last year we have started work we have raised our first bill and we have received money promptly also. In the couple of projects MMRC and police housing we have not yet raised our first bill so we would know again we are in touch with them in all meetings and they are very clear what they have to contemplate and that is why they are pushing and they are ready to disburse money the moment our bills are cleared. The other projects in Bengaluru and Chhattisgarh and Pune all this, in the last one month we have got our bill certified and we have got money from the client so that is very positive news.
- Viral Shah:** Lastly in terms of real estate Rajesh Sir answered that question from the previous participant just to dwell more the strategy clearly remains to focus on cash flow right, cash flow generation, launches will be subdued or lower and will the price cut is necessary is it clear or there is something which you could elaborate on this?
- Rajesh Mhatre:** We were always very, very cash flow focused real estate company in fact just to strengthen the client in fact all our ongoing construction project Windermere is a completed project the ongoing projects for us are Forest County, Forest Edge and Goodlife, whatever buildings we have launched even if we not sell a single apartment the balance receivables is more than sufficient to cover the balance cost of all these projects so theoretically we are not taking additional risk and we are open to all sorts of possibilities for liquidating the inventory as you rightly said.

- Viral Shah:** Fair enough Sir. Lastly in terms of the asset sale which we had do we have any land parcels remaining in that front or no that is completely sold, the Forest County, which is mentioned in the presentation?
- Rajesh Mhatre:** So, that land parcel has been completely sold balance we will be having a couple of projects, which are in the process of approval, but obviously the launching strategy for those projects will totally depend on how the scenario is, how the demand situation is and we will take all this into consideration before taking the next project.
- Santosh Sundararajan:** I think to clarify that we still have land pending there one parcel which is sold and full funds are received and that topic is over. There is still land overall in the same location where we will be launching project.
- Viral Shah:** Lastly when we look at your presentation and the order book breakup and we see that there are some projects, which are there Pune Metro or Mumbai Metro, so these are pertinent to construction of buildings or have we ventured into railway construction or railway station construction that is what I was referring to or it is purely buildings which we are referring to?
- Santosh Sundararajan:** We are primarily focused on building, any kind of building it keeps changes we do not want to stray away from our core expertise and our expertise remain buildings. Now fortunately at the airport project we got the terminal building on a design and build basis, which adds to our work. Now on the metro side in Bengaluru we have got the construction of the entire metro shed, which is terminal construction process, the requirement parking of the train so it is again kind of a building it is a factory building and in Mumbai it is a residential building on metro land although it is awarded to us by MMRC it is still residential building tower, so we have not gotten any orders from metro for wire ducts or underground construction or even station. We all hoping to get some station orders, but unfortunately the station orders normally get packaged along with the metro rail and the underground construction and we are not currently in any mood to experiment and add expertise and try and attempt metro rail and underground tunneling, which has not been our area of focus all these years.
- Viral Shah:** When do we expect the situation to come back to your normal efficiency maybe six months, eight months or nine months from now?
- Santosh Sundararajan:** When what will happen definitely it is very difficult to predict, fingers crossed, you do not know where this is heading, there are two aspects to it, everything was in place, the project had started you know client seemed to have the money to pay us, there seems to be no other risk on the table except now it is a waiting game for the labor to come back, the labor we in fact had 3,000 labors with us during the lockdown and immediately after the lockdown I think all of us are aware of the migrant labor situation that happened across and most of them have gone, when they will come back depends. In North India and Eastern Northern India like UP and Chhattisgarh we are getting labor back on a daily basis, the strength over there is more than 50% to 60% of what we need and that seems to be increasing also on a weekly basis. So over there I think our project will

run. When will labors come back to Maharashtra and Karnataka, when really they are fed up of staying home and when they really want to take the risk to come out and make money again. Point number two what is the situation of Maharashtra that the media and the fact in terms of the risks associated with coming back to Mumbai, so maybe we are thinking that in a short-term Karnataka is in place, in Bengaluru project it has already started because Karnataka seems to be clear of any COVID news compared to Maharashtra. So having said all this if I want to predict I do not know how to predict, but what we have done internally is we have started projecting to ourselves that in first quarter is almost a write-off, second quarter is not going to give us more than 40% of what we planned and third and fourth quarter is when we will actually be able to look out 80 or 90 and hopefully 100% of our original target. So that is the basis on which we are operating and we trim our fixed cost accordingly to look at the scenario.

Viral Shah: Fair enough Sir. All the best for future Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Nimesh Shah from Shah Investments. Please go ahead.

Nimesh Shah: Thank you for the opportunity Sir. Sir I have a few book keeping questions. What are the steps you are taking to reduce the cost of capital and what is the current interest rate on the company level?

Rajesh Mhatre: Current cost to company is 14% it is being pulled up primarily by the NBFC debt or the nonbanking debt that we have at Windermere from Kotak. What steps are we taking to bring down that rate is one thing, what steps are we taking to bring down the principal amount outstanding itself is another point of focus, we have plan to bring down the debt balance between 30 to 40 Crores last quarter, but COVID came in and then we took a cautious call to conserve liquidity during this period of uncertainty, we are still sitting on some cash, at an appropriate moment over the next three months once we attain the situation we will be bullish enough to take a call to bring down our principal borrowing itself, which will bring down our finance cost. In terms of bringing down the rates the SBI rates are good enough because only this Windermere loan that is at a high cost. We have got our BG so we want to bring it down and we will also be looking at other options to try and get the rate down on this entire borrowing.

Nimesh Shah: Sir when I look on the number in loans and other financial assets where a significant jump of some 50 Crores odd which you can highlight the reason for the same?

Rajesh Mhatre: There should not be an increase in debt, this number exactly are you talking about can you just quote the number?

Nimesh Shah: Loans and other financial assets there is some jump of 50 Crores rupees.

Santosh Sundararajan: We have actually a project advance of 20 Crores, which is used in a couple of our real estate projects where we have the project to be launched we have 20 Crores of project advance and

there is an unbilled of 7 Crores that will be led to about 25 Crores to 30 Crores amount so I think that totals up to 50. It is not really a borrowing it is not increase in debt it is an asset. We should have actually reduced it, but as I said we have not done that we are sitting on some cash just being cautious but we have not increased the debt.

Nimesh Shah: Sir what about the collection for our new project launches status of that?

Rajesh Mhatre: See existing collections in fact last year we sold 116 Crores as Santosh has already mentioned, this year we have collected 127 odd Crores, we have not seen any delinquency as far as the collections are concerned, obviously in fact last year would not be the right barometer because actually the COVID hit very, very late in the last part of the financial year. The first quarter definitely the collections have been very, very slow, so we are just assessing the impact, but considering that most of our undergoing projects, which are ongoing construction projects are backed by bank loans I do not think we will face a situation where we face delinquencies as far as the receivables are concerned and this obviously the bank itself has taken a call of actually not disbursing the balance loan, which currently looks like a remote possibility considering the situation, but yes we will be cautious about it.

Nimesh Shah: Thank you Sir. That is it from my side and the all the best.

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

Nitin Ranjith: Thanks for the opportunity. I was just going through your credit rating report, which we have got about a month back, it says we have like Rs.42 Crores of long term receivables amounting to about Rs.42 Crores so have we made any provisions for that in the past?

Santosh Sundararajan: It is an ongoing process as per the requirements we do make provisions every quarter depending on the ageing of the receivables. Having said that we also conduct a thorough exercise to look at each receivables case by case and along with the auditors and if it is live and if it is many of our projects actually last more than 6 to 8 years, in Mumbai we have been working at NBFC for almost eight to nine years so many of these projects last 6 to 8 years and many of them were light project where we are very clear that these receivables are live and they will be coming back even though they might look like very age old on the books so we do the process every quarter and we provide wherever we need to and then we retain only what we are sure of.

Nitin Ranjith: Okay so this Rs.45 Crores of receivables have been pending for more than three years is from the government itself State government itself?

Santosh Sundararajan: It will be from all projects you know it would not be a single project it will be a combination of all projects and I can assure we have reviewed it so it is still there, it is very much alive and very receivable should not be a problem.

- Nitin Ranjith:** Okay thank you. Secondly you have touched upon the BG limits just before and you have said that you have some Rs.1800 Crores rupees of pending projects, which we have not started execution so have you submitted the BG limits for these projects or will our BG limits have to be entitled while executing the projects?
- Santosh Sundararajan:** All these new projects that we have taken last year we have submitted the required BG whether it is performance BG or if we have taken any advances in a couple of places we have submitted the advance BG, we do not have any more BGs to be given for these projects all of that is over and after that as I said we have about 17 to 18 Crores free limit as of now and we hope to release some old projects another 20 to 30 Crores of BG in the next quarter so that should give a fresh 40 to 50 Crores, at least 40 Crores of BG limit, which again should help us bag additional 800 Crores of order, which is target for the year.
- Nitin Ranjith:** Finally in terms of long term debt do we intend to pay down this year itself through longer disinvestments or will it remain on our books I am talking about the Windermere debt?
- Santosh Sundararajan:** We would tend to bring down Windermere debt that is one of the top projects of the real estate division. As Rajesh pointed out launches of new projects and everything take a little bit of backseat depending on the situation, depending on the clarity we get from the market and all of that. In the meantime, the existing inventory in all our projects that is definitely not on the backseat that is priority now and we will be pushing all of that and we have actually set up a project last year itself we announced Windermere debt, we did sell the land and we still have some cash in hand so we will use that at an appropriate time as well as we will further sell assets in Windermere and elsewhere to bring down that debt, it is definitely a target to bring down the debt by next March as much as we can.
- Nitin Ranjith:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Vishal Gupta as an investor. Please go ahead.
- Vishal Gupta:** I have two questions, one is on the EPC you said labor has gone back and you have given some estimate of 40%, but what was the actual labor on site as a percentage, which would have gone back and what would be operating on and any guidance of what you are expecting going forward that is number one, number two on real estate last year has been one of the best performing markets pan India where we have ended up doing only 116 Crores sales so just wanted your views going forward we understand it will be challenging market any particular reasons it is almost half of what we did last year?
- Santosh Sundararajan:** I think the EPC one in terms of the labor for the current project we have in hand at this point of time our requirement of labor is about 4000 labors what we have with us currently is about 1500 to 1600 so that is the ratio, which I said about 40% is what we have. In Lucknow and Raipur and Northern side this ratio is more than 50% of the requirement, in Maharashtra and Karnataka you know Maharashtra primarily it is less than 48 it is not even close to 30% of the required labor

that is where we have expense today that has been our strength for June. These people who are with us are the ones who decided not to go back so these people are working they have been there since mid May and they have been working till now, so this trend of 1500 to 1600 has remained constant over the last one month since the time project has been allowed to open. For this trend to go up we are all expecting the trend to start increasing from the early July mid July till then it looks like labor that went back in the end of May is going to spend a month or so at home and then decide to come back based on train and the new situation from Maharashtra, so our projection for second quarter and third quarter and fourth quarter of course are based on an assumption that second quarter will go when the labor coming back and then we should have this trends available with us for third and fourth quarter that is an assumption based on which we have realigned our strategy or goals for the year.

Vishal Gupta:

We are closer to the market that is we can only assume what is going to happen?

Rajesh Mhatre:

Yes. Coming to your second question in the last few years the organized players have gained more and more in terms of market share in fact this process basically started with the implementation of demonetization and GST and RERA. I believe COVID-19 has just accelerated the same situation and with alternate players with low leverage stronger brands it is time to gain and especially we also want to be one among them. Having said that a year before last year in fact we had a roughly three, four new launches that we did and hence you are now a sales member where the reflection of the sales. Previous year, in fact we were very, very cautious in terms of the new launches that we take. As I mentioned the focus of the company totally changed from being cash flow focus and not taking any additional risks the things are not taking any projects, which required any additional deployment of capital so considering that in fact we just had in terms of square feet we did launches for 1 lakhs ten thousand square feet only of which there was one building Xotech, which we lost and sold completely in fact not even in 9 days and there was another project, Forest Edge, which we launched and we have sold it more than 50%. Due to the low amount of assets, which are available the sales number is obviously the function of that. The current year in fact we have projects worth more than 450 Crores as pointed in our presentation, which theoretically the projects can possibly be launched, but we will not be doing that we will be evaluating the situation cautiously at best in fact we are looking to launch one project and the first as I mentioned earlier the sales numbers would be more or less the same as the previous year. Having said that if the situation improves we get one more launch then you will see drastically a different number.

Vishal Gupta:

Understood Sir. Any update on value on Vascon Goodlife we have been hearing that Godrej has sold in Mamurdi project during the lockdown as well, so are we seeing similar response for that project or it has been slow for us?

Rajesh Mhatre:

What happens is we really have discontinued the practice of announcing sales just on the basis of EOIs because what happens is by the time the entire process takes place right from taking the cheque and then the customer getting the home loan and then the unit being registered it is a

very, very long process, so yes we have received the interest as and when the units gets registered we will be announcing the same. There is a steady flow every month.

Vishal Gupta: Understood Sir, thank you so much.

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

Santosh Sundararajan: Thank you all and stay safe. I will see you all again in next quarter. Thank you.

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