"Sunil Hitech Engineers Limited Q2 FY-16 Earnings Conference Call"

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MANAGEMENT:	**MR. SUNIL R. GUTTE – MANAGING DIRECTOR** **MR. C. VENKATARAMANA – DIRECTOR** **MR. MAHESH – FINANCE** **MR. JIGAR KAVAIYA – STRATEGIC GROWTH ADVISORS**

Moderator: Ladies and gentlemen good day and welcome to the Sunil Hi Tech Engineers Q2 FY16 Earnings Conference Call. This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions, and expectations of the Company as on the date of this call. These statements are not the guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sunil Gutte. Thank you and over to you sir.

Sunil Gutte: Hello friends, welcome all of you to our conference call for results of Q2 FY16 of Sunil Hitech Engineers Ltd, I have with me Mr. Venkataramana – our Director and Mr. Mahesh from Finance and Strategic Growth Advisors our Investor Relations Advisors.

I would like to take this opportunity to give a brief introduction of our journey up till now. Sunil Hitech Engineers was commenced in 1984 by my father Mr. Ratnakar Gutte who started as a contractor on various power projects. The first breakthrough order was after 10 years of starting as an entrepreneur in 1984, the order happened in 1994 it was a BHEL power project order at Chandrapur worth Rs. 2.40 crores the revenue of the company then was around Rs. 40 lakhs per annum. This opened the door for us and we began receiving various orders in the western states of India over a decade. In 2004 we also won an NTPC contract for Rs. 34 crores which propelled our revenues to about Rs. 100 crores by 2006. We had established and positioned ourselves purely as a contractor providing design manufacturing, supply erection, testing and commissioning of balance of plant and EPC assignments for power plants. We have developed capabilities of executing EPC and turnkey projects up to 800 MW including balance of plant packages like ash handling plant, coal handling plant, water treatment plant, raw water piping, LP piping, civil and structural jobs for power plant etc. We also undertake erection of boilers and turbines and generators, renovation and modernization of BTG and transmission distribution projects. Our transmission and distribution project capability include high voltage lines, transmission lines and substations up to 132 KV, 220 KV and 400 KV, sub transmission lines of 11, 22 and 33 KV and the substations up to 100 MVA rating. As a part of our T&D project we have also executed under accelerated power development reform program due to our execution experience at these power projects we have also developed O&M facilities that is operation and maintenance of power plants up to 660 MW. We see huge opportunity for our O&M business in coming years. To mark our presence in project execution of renewable power projects we have commissioned a 5 MW solar power project at Solapur in our 100% subsidiary. The project is awarded under Jawaharlal Nehru National Solar Mission Phase II, Batch I. The power generation is at satisfactory level as per the expectations. We see a huge opportunity for solar power EPC projects as government is focusing to add 100,000 MW of solar power projects by 2022. The project execution experience of our own 5 MW project will enable us to bid for EPC of upcoming projects. As a part of the execution of various power projects on turnkey basis we developed the experience of constructing internal roads and building within the premises of power plants. In 2013 we leveraged this experience to bid for building contracts for various state governments and PSUs. These buildings include Universities, Institutions, Hospitals, Public Welfare etc. such buildings are tendered as pure EPC contract and the margins in such projects are comparatively better than power sector. Last year we also entered into road EPC space we won projects in different states tendered by Ministry of Road Transport and Highways in West Bengal, Karnataka, and Bihar. We are currently executing these projects all the projects are for rehabilitation and upgradation to two lane with paved shoulder configuration and strengthening from existing two lanes which do not face any major land acquisition issue. We are qualified to bid for NHAI BOT and Annuity projects up to Rs. 900 crores single job, but as a matter of policy we do not wish to undertake any BOT projects where land acquisition and funding issues and delay issues for completion of the project. We want to be thoroughly focused on our core strength that is civil engineering, construction of EPC projects even in road and the building sectors. We made a conscious decision to expand our basket of offerings only in the civil engineering construction space, this decision was motivated based on the strategy to deleverage the risk of being only in one sector that is power and also with a vision for better margin. Power projects and the associated work, like boiler erections civil and structural works, this majorly ranges about 50% of our work of our current order book right now. The retention clauses of the power sector essentially faces issue of extension of these kinds of projects because of nonperformance of other contractor who has not done their work because of which the entire project is not commissioned.

Unlike power sector such issues in road and building sectors do not feature because company is whole and sole contractor working for the entire project and the entire responsibility lies on the company to complete the project without depending on any other contractors or any other agencies, so as a strategy it is a better business for Sunil Hitech Engineers to focus on such projects where better control on execution and margins is related and dependent upon the only company.

As a part of diversification strategy and professionalizing the whole organization we have inducted Mr. Venkataramana and Mr. Anupam Dhiman as Director on Board of Sunil Hitech Engineers Ltd. It has been almost 2 years both of them are working for our company, Mr. Venkataramana has handled many prestigious projects from bidding to execution stage with GVK and Essel Group worth more than Rs. 10,000 crores. Mr. Anupam Dhiman has handled many prestigious projects from bidding to execution stage with a leading groups like ABB, Alstom, Punj Lloyd and JMC projects and he has been in power sector for quite some time and in the civil construction world. We have Mr. Birendra Kumar Singh from Nagpur he is heading our Nagpur office at Executive Director level he is also from the power sector and 24 years with NTPC and almost 4 years with L&T, he completed one of the largest project of L&T 3x660 MW in his last tenure and after that he has joined us. He is also a civil graduate engineer with NIT status, BHU Banaras University.

Our core team of Mr. Venkataramana, Mr. Anupam Dhiman and Mr. B K Singh and myself are actively involved in bidding and execution of power projects and roads and EPC of building projects. We also have our manufacturing business in subsidiary that is SEAM

Industries Ltd. The subsidiary is 88% owned by Sunil Hitech Engineers, the subsidiary undertakes manufacturing of boiler pressure parts, components, industrial boiler parts, steel pipes and pipe fittings, tanks vessels and the primary and secondary structure for industry process plants.

We also undertake Railway over bridge girders which we have recently forayed as a part of strategy to get into the Railways last year. I firmly believe that the business will grow sustainably when it is managed professionally. The experience of professionals and the skills can really translate into making the business more margin oriented than just revenue oriented.

Coming to the company financial updates the total income from operations posted by the company on a stand-alone basis is Rs. 418.7 crores in Q2 FY16 as against Rs. 306.90 crores during the same period in the last financial year a growth of 36%. Our stand-alone EBITDA for the second quarter has been at Rs. 43 crores with margins coming in at 10.27%. Stand-alone profit before tax grew by approximately 63% in second quarter as compared to Rs. 9.7 crores and a stand-alone profit after tax grew 63% to Rs. 10.6 crores as against Rs. 6.5 crores in Q2 FY14. On a six-month basis stand-alone total income from operations is Rs. 839 crores in the first H1 FY16 as against Rs. 694 crores during the same period in the last financial year a growth of 21%. Our stand-alone EBITDA for H1 FY16 has been at Rs. 86.9 crores with a margin coming to at 10.36%. Profit before tax grew by approximately 34% in H1 FY16 as compared to Rs. 24 crores and profit after tax grew by 39% to Rs. 21.6 crores as against Rs. 15.6 crores in H1 FY15. Our net worth on stand-alone basis is Rs. 390.1 crores as against net debt of Rs. 406 crores in which Rs. 345 crores is working capital and Rs. 61 crores is long-term debt as on September 30, 2015 which gives the debt to equity ratio of 1.04x. On a consolidated basis the total income from operations is Rs. 905.6 crores in H1 FY16 as against Rs. 815.1 crores during the same period in the last financial year a growth of 11%. Our consolidated EBITDA for H1 FY16 has been at Rs. 97.6 crores with the margin coming in at 10.80%. Consolidated profit before tax grew by approximately 30% in H1 FY16 as compared to Rs. 29.4 crores and consolidated profit after associate income and minority interest grew by 33% to Rs. 25.4 crores as against Rs. 19.1 crore in H1 FY15. Our net worth on a consolidated basis is Rs. 440.9 crores as against net debt of Rs. 516 crores which is a stand-alone Rs. 391 crore plus Rs. 125 crore from consolidation as an September 30, 2015 which gives a net debt to equity ratio of 1.17x. The overall credit rating of our company has also been reaffirmed by CARE. Rating for the long term bank facilities amounting to Rs. 328.50 crores have been reaffirmed to A- (minus), for short-term facilities of Rs. 300 crores reaffirmed to A2+ (plus) and other long and short facilities of Rs. 748.50 crores reaffirmed to A- (minus) / A2+ This will translate into lower interest costs for the company. Our unexecuted order book as on November 5, 2015 is Rs. 3938 crores, 47% of which is from power projects, 25% from road EPC Projects and 28% from building EPC projects. The following are the major orders which we received recently, two road EPC projects worth Rs. 475 crores in Bihar by Ministry of Road and Highways, one project from NTPC for building ash dyed package for Kudgi Super Thermal Power project 3x800 MW in Karnataka worth Rs. 183 crores. With this we can start with the questions and answers and I would be happy and my management team Mr.

Venkataramana and from Finance Mr. Mahesh would be happy to answer the questions. Thank you so much.

Moderator: Thank you. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Neerav Shah of GC Investments. Please go ahead.

Neerav Shah: What is the L1 status and if you can name the projects where we are L1 if possible?

Sunil Gutte: L1 status is around Rs. 500 crores which results should be out in next 3 to 4 weeks and work orders confirmations and naming the client is not possible right now.

Neerav Shah: If you compare the standalone and consolidated numbers I see the subsidiary revenues declining sharply in the first half, about Rs. 70 crores compared to around Rs. 120 crores in the first half of FY15, so which subsidiary has led to this decline, any reasons for this?

Sunil Gutte: Generally this is the first time we have given consolidated numbers as part of our investor presentation, first half generally we see even in subsidiaries the SEAM Industries and even the crushing season of the other associate companies sugar, power unit generally this season falls under an off-season the revenue comes only in the second half.

Neerav Shah: Speaking to the sugar subsidiary I believe the plant is in Marathwada region and there were some comments from politicians that because of the water issues they were not encouraging the plantation so any update it can give, can we see sharp drop in the crushing activities?

Sunil Gutte: First this is not a subsidiary, this is an associate company where we have marginal interest and second in our region specific there will be some reduction in the crushing but not substantial. We might do maybe 10% less than what we have done last year.

Neerav Shah: On the SEAM subsidiary from when we can expect some movement on the defence side, I mean the registration, actual supplies?

Sunil Gutte: Defense takes almost 2 years to get yourself registered with various products so we are in process it will take almost 1-1 1/2 years for us to get registered and then our trial orders will take another six months so it is a two-year end to end effort which will be required for getting into defence. Railways took us one year, we got into Railways so now we have few products we have already started business that is one is Railway over bridge girder, now we are trying for other products with various departments.

Neerav Shah: What is the amount of retention money as on 30 of September?

Sunil Gutte: Pure retention money without any other security deposit it is around Rs. 140 crores.

Moderator: Thank you. Our next question is from the line of Siddharth Anantraman of HDFC Securities. Please go ahead.

Prabhat: Hi Prabhath here. For this quarter can you give us the revenue bifurcations in terms of power, road and buildings?

Sunil Gutte: Basically in this quarter, 90% is from buildings and power and road sector we have just started so there are very miniscule projects turnover which has happened. So you can say 95% is from buildings and power only, road we have just begun.

Prabhat: So road I believe you must have started work on the Karnataka 122 crores if I'm not wrong?

Sunil Gutte: We have started but we have some milestones, so WIP is there but if you commercially ask me then the eligibility for billing will be there so December-January onwards we will start raising our commercial invoices.

Prabhat: So December quarter we could see some revenue from the road projects.

Sunil Gutte: Yes definitely.

Prabhat: Currently we have four road projects in our order book.

Sunil Gutte: Yes that is right.

Prabhat: Can you please give the total value for them?

C. Venkataramana: We have got in Karnataka for Rs. 125 crores, in West Bengal we have got around Rs. 325 crores and in Bihar we have around Rs. 475 crores.

Prabhat: I believe you are order inflow for FY16 has now been around Rs. 1191 crores. What kind of order are we targeting for FY16 and '17?

C. Venkataramana: Basically our order inflow we are maintaining at 2x levels of our consol revenue and further whatever is the consol of our current year we try to have Rs. 400-500 crores more than the consol revenue what we have shown. For instance today the order book position is somewhere close to around Rs. 4000 crores whereas our last year consol was Rs. 1835 crores so we're almost close to (+2x).

Prabhat: If I wereto ask that if we wanted to grow at 15-20% per annum what kind of order inflow and what kind of order book are we comfortable to execute to grow at that level?

Sunil Gutte: We are maintaining 2x of our sales last year we did 1600 on stand-alone, our closing order book as on November 5 is around Rs. 3938 crores so what we try to maintain is 2x, right now we are more than 2x. This year on the order book achievement our target to achieve the total order book enhancement was Rs. 3000 crores till March out of that we have achieved around Rs. 2000 crores and we are confident we would be achieving close to Rs. 1000 crores before next March. So our March unexecuted order book position should be Rs.4000 crores which is in November also. So if we execute and if we win still we would be able to have that Rs. 4000 crores order book unexecuted that will give us more than 2x for FY17 also. So what we are expecting a 50% growth from last year would take us to the number so Rs. 4000 crores will be more than 2xwhich will give clarity of FY17 also.

Prabhat: We ended FY15 with 8.7% EBITDA margin and I think even in H1 we are at EBITDA margin of 9.8% in H1?

Sunil Gutte: I think it is 10.27%.

Prabhat: Ok excluding other income.

Sunil Gutte: Other income is not basically something which should be excluded. This is nothing but interest income on our FDs which are used for bank guarantees and LCs.

Prabhat: We just wanted to understand recently you bagged orders in road, specially the Bihar Project of 475 crores and the NTPC project of 183 crores plus the 670 crore L1 you mentioned what are the kind of margins which you could do on that and from there how will the margin play out over FY17 and 18?

Sunil Gutte: I would like to correct you it is 500 crores not 670 crores. Basically roads the bigger projects or around 13-14% EBITDA and the smaller project the Karnataka one and the lot one of Bihar which is again Rs. 154 crores that is around 12% EBITDA, margin forecasts on these projects and the NTPC one is around 13-14% EBITDA and that is also with a good margin it is majorly earth work for this 3x800 MW project of NTPC and it is fast track project we would be completing it in 30 months.

Prabhat: If these orders are executed over the next 12-18 months, FY17 could see what kind of margins that the company could go?

Sunil Gutte: Our target is to reach 13-14% in next two years, so next year it should fall in the bracket of approximately 12% that is the plan with which we are working.

Prabhat: In your consol numbers based on what balance sheet you mentioned about in the presentation net working capital seems to have gone up around 114 days in FY15 to 130 days this is mainly on account of some increase in debtors is this just a half yearly kind of thing where you executed but payment still has not come or are there some higher stuck levels to it?

Sunil Gutte: Basically our debtors position revolves around 110 days plus minus 10 it happens and what you have given is mainly H1 so there are many projects started the work but as I told you before also there are some milestones billings unless the achieved that milestone in road projects we are not able to bill so the WIP is also becoming a part of our current asset because of that the effect of another 10-15 days in our debtors.

Prabhat: Can this growth of 20% be achieved at current levels of net working capital or we can assume it to change from here? As the NWC is more or less the same of stand-alone and it is about 120 days, so where would this be two years down the line if we are factoring that 20% growth and about 12-13% EBITDA margins.

Sunil Gutte: We are proposing to enhance our limits by 15-20% this is what we feel each year will be doing for fund-based so from 325 let us say 15 to 20% if we take by enhancement of around Rs. 50 crores this year for the next financial year and maybe 20% for the next year also so it could be in the range of 360 this year for the next and then maybe another by 50-60 so 410 to 420 would be the working capital after FY17.

Moderator: Thank you. Our next question is from the line of Raghavan Rajakumar of Sharegiants. Please go ahead.

Raghavan Rajakumar: I want to ask a question on the recently growing segment of solar business which we are seeing lot of activity if I can get some color from you on what your plans for solar power project EPC business how was the company planning to tap that and what is the outlook you're looking?

Sunil Gutte: Basically solar as everyone knows in the industry it is going to grow the element of power in solar is only going to grow at a very fast pace so the target of 100,000 MW that is what is the government planning so EPC opportunities are going to be tremendous the idea why Sunil Hitech implemented 5 MW was to be capable of doing EPC and be committing the guaranteed generation for that the experience was required and now majority of the government companies even we get news from market where railways and defense would also come into their own solar power generation units so the opportunities are tremendous even private companies are picking up railway projects from schemes floated by governments like Jawaharlal Nehru National Solar Mission and every state is coming up with solar policies. Maharashtra has come up with 2500 MW of solar power plant policy, so for us it is a big opportunity because every 100 MW the opportunity of the project size what is available to Sunil Hitech as a contractor is around 800-900 crores so even if the implementation YOY happens the market size what we would be participating could be anywhere between 1000-1500 MW of EPC projects per year, that is what our target is and the result is definitely something which cannot be told right now but then this is what the opportunities and we are very bullish because these are fast track projects and we have experience of executing it so it would be a winning strategy for Sunil Hitech.

Moderator: Thank you. Our next question is from the line of Sameer Kapadia of Fortune Interfinance. Please go ahead.

Sameer Kapadia: You mentioned that you have an order book of Rs. 4000 crores so if you can tell me what would be the executable period for the same?

Sunil Gutte: The executable period maximum is 36 to 48 months, minimum the order is around 24 to 30 months so the major project like roads (300 crores+) it is 30 months, the smaller road projects are 24 to 30 months so average you can say 30 months.

Sameer Kapadia: The other thing which I would like to understand like you already have a net debt to equity ratio of 1.17x so in terms going forward what would be your outlook in regards to the same?

Sunil Gutte: So working capital of 15% to 20% can happen over next two years like I told you and about the CAPEX again it is a debt component so in future also it will be on lighter side only we might do 15 crores or maybe 20 odd crores per annum as and when the new projects come up.

Sameer Kapadia: Do you see any equity dilution going forward?

Sunil Gutte: As of now we are comfortable going forward right now companies do not have any as of now.

Moderator: Thank you. Our next question is from the line of Neha Shah an individual investor. Please go ahead.

Neha Shah: My question is in the line of different verticals we have, just wanted to get a broad idea about how the mix will change in the coming two years you mentioned a lot of new projects that are coming in and the solar power being a big opportunity so how do you mix change in the next 2-3 years and what are the optimum mix that you're looking at and may be following up on that maybe you can give some idea on how the margin of 13% would be divided among the three verticals that we see do the business there?

Sunil Gutte: See it depends on the market right now the market is bullish for roads and building sectors so it is very natural our efforts put in all these three sectors results will be definitely encouraging in buildings and roads at least for the next two years. Solar in power sector is definitely coming up on a large scale and we have our one experience to participate in this so solar in power is something which will add and keep the power sector growing in our order book and regarding the margins of these three sectors, margins are better in roads and buildings as compared to power because of the nature of the work, because in power we form a part of the project as one or two package contractors and we are dependent on other people to perform in the entire project to get commissioned so this has got its own inherent risk of extending your stay in the project and responsibility of others delay in terms of time comes to you also. In roads and buildings what happens is you are solely responsible for your own project and execution so better control is there, better control over the margins is also there, difference of around 2% EBITDA can be thought in power and roads and buildings put together. In next year we put the growth of which sector will happen I think roads and buildings will take more position in terms of percentage as compared to power.

Neha Shah: What kind of capital requirement do we see against solar project?

Sunil Gutte: Solar will be again an EPC project, so majority of the solar projects is procurement so solar panels, inverters and the transmission equipments which are required or bought out so majority of the of the times we require LC limits to procure this, apart from that working capital requirement what is required these are very short-term projects, CAPEX is not required as far as the solar execution goes only working capital limits.

Neha Shah: Mostly our working capital requirements and other CAPEX requirements would be in terms of other verticals?

Sunil Gutte: Yes CAPEX would be for roads and buildings for solar as far as the CAPEX goes we need not require big CAPEX.

Moderator: Thank you. Our next question is from the line of Dhananjay Mishra of Sunidhi Securities. Please go ahead.

Dhananjay Mishra: In power sector we have approx. 1200 crore order book can you name the major projects under execution in power sector and of which all projects are slow-moving, we're finding constraint from prime contractor or client side?

Sunil Gutte: Major orders which we have recently announced is from NTPC worth Rs. 183 crores, then North Karanpura is there of around Rs. 170 crores from BHEL, then NTPC Meja which is around Rs. 175 crores and a for slow-moving there is one private company project taken in the year 2013-14 that is a slow-moving project all other projects in power sector are moving quite okay.

Dhananjay Mishra: So all of Rs. 1200 crore order we have in power sector we must have received in last two years?

Sunil Gutte: We have received these orders in last four years, , some projects are finishing some projects have recently started so the new projects which we have recently won in power from NTPC and BHEL they have just begun six months back one is going to begin next month.

Dhananjay Mishra: As such we are not facing any issue in terms of execution from our side?

Sunil Gutte: Except that one project I think, other projects are majorly government BHEL and NTPC. Last 2-3 years private power plant companies have not come into action also. So there is no opportunity also we are not intended to work for private also.

Dhananjay Mishra: You also talked of T&D space, we were earlier present in T&D space or we are entering into T&D….

Sunil Gutte: Generally we do almost 200-250 crores of execution, we limit ourselves to that because in T&D what we do is we do the only engineering and assembly and some minor civil works rest of the things are only procurement so you do procurement of all the transmission related equipments and this requires huge working capital so we generally restrict for at least last three years we are not doing more than 250 crores per year order.

Moderator: Thank you. Our next question is from the line of Preety Shah an individual investor. Please go ahead.

Preety Shah: With regards to the projects that we do so the retention money when that would be realized?

Sunil Gutte: Retention money how it works is once the project is cleared financially and physically when all the statutory clearances are done like labour license and PF you are eligible for getting the retention money. Now with every year execution happening 5% or 12% whatever is the contractual clause new retention keeps building every year and old projects finished we keep receiving the retention so it's a cycle where retention money if the company is not growing might be possible to reduce it but with growing companies retention is going to grow. Maybe not proportionately because the older payments come but with every year execution retention money is again held up for the new contract.

Preety Shah: If I have to just ask in this year how much are we expecting out of it or will this just keep moving as a recurring cycle?

Sunil Gutte: I did not get your question.

Preety Shah: You just mentioned that the moment we are eligible we get a portion of that amount, but in case we happen to do another project with the same party than it gets carried forward?

Sunil Gutte: No, with every project even if the project is with the same client every project is a different contract, so even if I'm doing BHEL 10 projects these 10 projects move independently with 10 different contractual obligations, so it does not carry forward.

Preety Shah: You did mention we have certain order book so what would be order book like that we would need,with the current equipment bank that we have how much of an order book can we service with the current equipments basically?

Sunil Gutte: What happens is, you have your own equipment bank to execute few projects. So this Rs. 4000 crores order book we are executing with our own equipments and leased equipments are also there. So equipment capacity is not generally the binding factor for us to execute larger projects, equipments are also taken and available on lease. So that is not a very limiting factor for us.

Preety Shah: Going ahead do we see over a period of next one or two years when they will have to make investments in our equipment bank?

Sunil Gutte: Generally 15 to 20 crores of CAPEX happens every year that is what I normally said somebody asked me the question, it is working capital which grows around 15-20% year-on-year because of the growth.

Moderator: Thank you. Our next question is from the line of Vaibhav Jain of Credit Suisse. Please go ahead.

Vaibhav Jain: On the roadside these projects often we see issues in terms of clearances and land acquisitions, could you talk a little bit about the projects that you have in terms of where things stand specially the ones that you have won recently?

C. Venkataramana: Basically as we have said it's a two-lane road project and ROW is not an issue, all the four projects are two-lane projects so there is no issue of the ROW in all the four projects and as far as the funding is concerned there is a bit of luxury for us basically it's a World Bank funded projects, all four are World Bank funded projects out of 15 projects in the country we are executing four projects. So the funding issue is also not there as well as the ROW issues are also not there.

Vaibhav Jain: Any other utility shifting is there?

C. Venkataramana: Utility shifting and all it goes on the normal course.

Vaibhav Jain: You mentioned that in terms of buildings and roads are two areas where you see opportunity in next two years, specifically on buildings if we can talk about little more in terms of clientele, geographies just to understand the kind of projects that you're talking of.

C. Venkataramana: Let us say the Government of India has already announced so many IIMs and IITs in the country, that is one scope where it is there plus the Health Ministry has already announced many of the hospitals coming up in the country and talking about Pan India move. In States like Bihar and Jharkhand you're getting both the low-cost housing as well as the normal Housing board projects and apart from that there are some new states which have been carved out like Chhattisgarh, presently Andhra Pradesh or this Jharkhand where Vidhan Sabhas are coming up in a big way and even in the existing states like let us say like Madhya Pradesh they are also constructing a new Vidhan Sabha. So as far as buildings are concerned in the government sector only we are not talking about any buildings on the private sector, we are either doing the building through PSU's or through the governmental agencies and apart from that most of the PSUs are also coming up with there big colonies, for instance let's say we have bid for one project in NMDC that there they are constructing a huge colony and NTPC also is doing, so many of such building opportunities are opening up in the country and as far as roads is concerned I did not have to tell you the present target is somewhere close to 30 km per day where the Road Ministry is concerned. This is on the National highways and MORTH and added to that the states are not considered as part of the 30 kms. Point number two is that of the road sector apart from the World Bank and the ADB now Japanese funding is also likely to come up in the next EAP procedure what they meant to bring in, road transport and highways are working on EAPs that external aided. So Japan is coming up in a big way.

Vaibhav Jain: On the building side what you're mentioning is that you're not doing private sector at all or you know ….

C. Venkataramana: At all, we will just do only the government projects where even if the payment is little delayed also but never it is going to get stuck.

Moderator: Thank you. Our next question is from the line of Nitin Gandhi of Kifs Securities. Please come ahead.

Nitin Gandhi: For solar you said 100 MW translates into Rs. 800 crores and you are likely to bid for 1000 or 1500 MW bidding can you just take us through the cycle how it works, what is the duration from the start of bidding and timeframes involved and when you think that the first two or three contracts could start rolling?

C. Venkataramana: So total what Mr. Sunil has said is that out of this around 55% is for the procurement of panels alone and the balance 45% comes under the BOP segment. So the cycle as you said, recently our experience we have executed a project in five months' time, NTPC is also doing a 125x4 MW so they have given a time cycle of somewhere between 12 to 15 months, but if all approvals in place and if it is effectively done we can definitely complete in six months' time and if the fund flow is also in place at the proper time with the panels availability we can execute the project in six months' time.

Nitin Gandhi: You are doing bidding only for the projects where funding is not that major issue.

C. Venkataramana: Right. If the funding is properly taken care of even if you see we are not bidding for any of the State sponsored solar projects we are only going in for either central government projects to Solar Energy Corporation of India or NTPC or BHEL or defence or railways.

Moderator: Thank you. As there are no further questions from the participants I now hand the floor back to Mr. Sunil Gutte for closing comments, over to you sir.

Sunil Gutte: Thank you very much everyone for your participation in our earnings call. We will be uploading the presentation of our company as a call on the website soon, in case of any further queries you may get in touch with us and Strategy Growth Advisors and feel free to get in touch with us for any more queries. Thank you very much for the participation. Thank you all.

Moderator: Thank you. Ladies and gentleman, on behalf of Sunil Hitech Engineers, that concludes this conference. Thank you for joining us and you may now disconnect your lines.