

February 21, 2020

To The Secretary, Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Maharashtra, India <u>Scrip Code: 532767</u>	To The Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Maharashtra, India <u>Scrip Code: GAYAPROJ</u>
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Dear Sir/Madam,

Sub: 3QFY20 Earnings Conference Call
Ref: Security Code: 532767 & GAYAPROJ

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With reference to our letter dated February 17, 2020, please find enclosed transcript for **3QFY20 Earnings Conference Call held on February 18, 2020 of Gayatri Projects Limited.**

This is for your information and records.

Yours faithfully
Gayatri Projects Limited

Chetan kr Sharma

Chetan Kumar Sharma
Company Secretary &
Compliance Officer



Encl: As Above

Transcript

Gayatri Projects Ltd 3QFY20 Earnings Conference Call

Event Date / Time : 18th February 2020, 12:30 Hrs IST

Event Duration : 00 hr 31 min 57 sec

Presentation Session

Pavitra: Good afternoon ladies and gentlemen. I am Pavitra, moderator for the conference call. Welcome to Gayatri Projects Ltd 3QFY20 Earnings Conference Call. At this moment all participants are in listen only mode. Later we will conduct a question and answer session. At that time if you have a question please press star and one on your telephone keypad. Please note this conference is recorded. I would now like to handover the floor to Mr Ankit Toshniwal of Go India Advisors. Thank you and over to you sir.

Ankit Toshniwal: Thank you Pavitra. Good afternoon everybody and welcome to Gayatri Projects Limited Earning call to discuss the Q3 and nine-month FY20 results. We have on the call Mr Sandeep Reddy, managing director of the company. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with risk that the company faces. May I now request Mr Sandeep Reddy to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you and over to you sir.

Sandeep Reddy: Yeah. Thank you, Ankit. Good afternoon ladies and gentlemen. Thank you for joining us on the con call today. I hope you would have seen the earnings presentation which has been sent to the Exchange and uploaded on the company website. During this quarter, we have made significant progress towards our stated objective of deleveraging and I would like to discuss this in detail. In December 2019 we concluded the sale of 5.95% stake in power assets of Sembcorp Energy India for cash proceeds of 4.1 billion plus an upside option. And we have used 2.1 billion towards repayment of long-term debt and balance amount is utilized for meeting the working capital requirements for the company and for other general corporate purpose. We still retain significant residual economic interest, which can lead to potential upside at the next monetization event. The Government of India has announced various measures to improve the liquidity in the sector through fast tracking of claims settlement and monetization of arbitration awards. Towards this end, we have made significant progress towards monetization of our awards and claims worth nearly 19 billion rupees. The company has recently settled a claim worth 0.44 billion with NHAI and expect cash flow in the next 30 days. We are also in advance stage of discussion with NHAI regarding the settlement of claims for additional two projects. We expect to close one billion in cash flows from the three settlements over the next one to two months. We are also working with both NHAI and banks to procure appropriate bank guarantees so that our seven specific arbitration awards can be monetized for nearly 400 crores. We expect cash flows from these awards over the next one to two months and same will go towards repaying the respective bank debts. We are confident that through these expected cash flows the long-term debt of the company will be reduced to zero. I will now briefly touch upon the

operating and financial performance in the nine-month period. As you are aware, in Q2-Q3 there were execution delays due to prolonged monsoon. The work on the projects' sites have picked up from December onwards. For the nine-month period our revenue grew 9% and EBITDA is just on 2% mainly due to new requirement of provisioning for credit losses. However, PAT was majorly hit due to booking of exceptional loss on account of diminution in the value of investment of our Sembcorp stake. Our [inaudible 00:03:39] EPC order book now stands at 141 billion Indian rupees, which translates into a book to bill ratio of 3.8 giving a sufficient visibility of revenue growth over the next two to three years. With this I would like to open the floor for questions.

Pavitra: Thank you, Sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question please press star and one on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing star and one again. I repeat ladies and gentlemen, if you have a question please press star and one on your telephone keypad. First question comes from Preeti Singh from Value Investments. Please go ahead.

Preeti Singh: Hello.

Sandeep Reddy: Yeah. Yeah.

Preeti Singh: Thank you, Sir.

Sandeep Reddy: Yeah.

Preeti Singh: Just wanted to ask that the power stake sale has been successfully concluded, but we have some remaining economic interest.

Sandeep Reddy: Yes.

Preeti Singh: So, can you highlight a bit on this?

Sandeep Reddy: Yeah, the economic interest is that, see we, our invested equity was about 5.95% and also, we own a call option which expires in 2021 June for approximately the same amount, the same value. So, we have an earning, earnout mechanism which is agreed with Sembcorp. Where within the next five years any monetization event like IPO or stake sale or anything else, which actually gets the real value that difference would be paid to us and while paying the difference they will reduce the amount paid to us with 15% IRR. It is like, so you can actually treat this amount has been paid to us like an advance. It is not a real sale even though on paper we have actually done the sale because it had to be done. Yeah.

Preeti Singh: Okay.

Sandeep Reddy: And the base value what was sold was about 7000 crores valuation. So, anything above that value comes, the difference in value comes to us and the call option also is valued at about nearly 9000 crores ultimately with the call option cost which is 18%. So that also is valid till about next two years. So, we have two options. If the IPO or any monetization happens within two years, we would get economic interest on 12%. After two years we would get economic interest on 5%.

Preeti Singh: Okay. Okay, thank you sir. My next question would be, how is the current execution going on for your projects? And what run rate you expect to clock in for revenue in Q4FY20 and what would be your guidance for FY21?

Sandeep Reddy: FY21, we are looking at a guidance of around nearly 4000 crores and the last quarter I think we have probably closed this year; I think around about 36 or 37 as per last year.

Preeti Singh: Hmm, hmm. Okay. So, what's the CapEx incurred in nine-month FY20 and your guidance for the same for FY21?

Sandeep Reddy: CapEx, what is the CapEx incurred...

Preeti Singh: Yeah, yeah. CapEx.

Sandeep Reddy: About 59 crores of the CapEx this year and I think FY21 as of now we don't have much CapEx at all because see all the projects, and that we win new project and some more CapEx will be considered. As of now we have not won any new projects.

Preeti Singh: Okay. Okay, thank you sir. That's it from my side. Thank you, sir.

Pavitra: Thank you, ma'am. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. We have next question from Rachit Kamat from Anand Rathi. Please go ahead.

Rachit Kamat: Yeah.

Pavitra: We have next question from Rachit Kamat from Anand Rathi. Please go ahead.

Rachit Kamat: Yes, sir. Thank you for taking my question.

Sandeep Reddy: Yeah.

Rachit Kamat: So I just wanted to understand, so on order book of around 14000 crores, but the momentum this has been pretty slow because of rains and other reason, so I just wanted to understand how, like how is the progress moving and in these how much are we planning to, you know, go ahead and execute because we need to deliver some of these projects in a very timely manner like Purvanchal and all these sir.

Sandeep Reddy: I just told you the order book of 14000, the balance about 70% is roads and the balance is about 22% is irrigation. See actually our irrigation projects which were in Telangana and AP were actually not being executed because Telangana actually, it was a fund crunch, they never gave us appointed date. So, they have just started in December actually, in full swing now. So, after the elections Telangana two projects have actually started which is about nearly 59 crores. Then coming to the AP project, because of the fund crunch now they have started paying. I think they have also tied up with funding, I understand for these projects from some, I think central government

institutions. I think the AP irrigation project would start probably in full swing from March onwards.

Sandeep Reddy: Yeah from Q1.

Rachit Kamat: Okay, so Q1FY20 I will expect AP projects to get moving.

Sandeep Reddy: Yeah, yeah. Projects are all working well in the sense as I told you monsoon, out of our 70% of the road two major projects are Lucknow Purvanchal Expressway. We have two packages Lucknow Purvanchal and also, we have Nagpur-Mumbai. Both the projects we won last year. So, the first year was one being a Greenfield alignment, we had only earthwork and earthworks was affected because of rain. So that's where the lack of progress was there, but now we have overcome all that and from December onwards the projects have started in full swing.

Rachit Kamat: No, actually sir my question was on the [inaudible 00:10:01] for example Mumbai-Nagpur. Some of our peers

Sandeep Reddy: Can you just repeat? I cannot hear, I cannot understand what you are saying. Sorry.

Rachit Kamat: Sir on the Mumbai-Nagpur project it seems like...

Sandeep Reddy: Yeah

Rachit Kamat: ...are we facing any issues or is it completely clear from the government side?

Sandeep Reddy: There is no issue. There was some delay in payment because of, you know, even though the bank has, they have funded fully but because of some paperwork it got delayed by a month or so, two months, but now I think they have overcome that now because of the election process and the new government coming in that was delayed otherwise Nagpur-Mumbai 100% land is available, there is absolutely no, we are not facing any problem.

Rachit Kamat: Okay. Sir, one question regarding our debt. Can you just tell me what's the outstanding gross debt right now and how much cash are we having?

Sandeep Reddy: Sorry.

Rachit Kamat: Debt...

Sandeep Reddy: So net debt as I told you is about 1600 crores. The term loans are about 500 and then the balance of about nearly 1080 crores is working capital. Cash is around 300 crores.

Rachit Kamat: Cash is around 300 crores. Sure sir. Thanks a lot. Thanks a lot.

Pavitra: Thank you, Sir. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. We have next question from Anil Sharma from AC Investments. Please go ahead.

Anil Sharma: Yeah, hi Sir. Thanks for the opportunity. I just wanted to check the progress on that conciliation checklist. So, you have already settled one of your claims for the 44 crores.

Sandeep Reddy: Yeah.

Anil Sharma: And the monetization of awards about 5.5 billion that is via submission of bank guarantees.

Sandeep Reddy: Yeah.

Anil Sharma: So, when do we expect to receive the cash flow from these two?

Sandeep Reddy: Next two months, see I will tell you the example. See we have arbitration awards about nearly 1000 crores, and see but the Niti Aayog circulation which has been modified and came in November, they have now said that with a bank guarantee 75% of the amount can be taken from all central government undertakings like MoRTH, NHAI and other things, so most of our claims are with NHAI and MoRTH. So, we, if you workout approximately 400 crores is what we could get against bank guarantees now. So, we have been now working with our banks to sanction the bank guarantee and they are in advance stage now. They have in principle agreed, but they are in the final sanction state. See basically the bank guarantee would be issued by the bank and bank would take this money and reduce the loan. So technically if the claim gets settled the banks will exposure in neutral. See today I owe to the bank so much, tomorrow also bank guarantee will be as think for the bank and once the claim gets settled ultimately from the court, then the bank guarantee will be returned back to the bank.

Anil Sharma: Hello

Sandeep Reddy: Yeah, do you understand?

Anil Sharma: Yeah.

Sandeep Reddy: Yeah, you are saying some...

Anil Sharma: Hello, yeah, yeah, yeah

Sandeep Reddy: Yes, I can hear you. Please continue.

Anil Sharma: Okay, okay. Okay. In terms of the sir bidding pipeline of roads and irrigation projects from an industry dynamic situation completely, how much would be the debt?

Sandeep Reddy: Can you just repeat please?

Anil Sharma: In terms of the bidding pipeline for roads and irrigation project on an overall industry situation, can you give us some set, throw some light on that and how much that will make up?

Sandeep Reddy: Sir I tell you, see the NHAI project, we are mostly bidding for the EPC because we don't bid for HAM. So NHAI

Anil Sharma: yeah, yeah

Sandeep Reddy: ...who has come out with this policy I think some tenders have started coming. We have already submitted some four or five bids now, as of now, averaging about each project of about 800 to 1000 crores and I think in the month of March every month we will be submitted four-five bids, but I think NHAI is going to really speed up after April, this is what we could see because we see some of the bid pipeline as far as EPCs are concerned. And coming to irrigation, we are working towards the Madhya Pradesh, there are some possibility of projects coming Indira Sagar project nearly 20,000 crores of bids are expected in the next one year and Karnataka also about 10-20 thousand crores of bids. So, we are confident of winning few bids in Madhya Pradesh and Karnataka.

Anil Sharma: Okay, but sir...

Sandeep Reddy: In all bid of another 25-30 thousand crores. So, irrigation pipeline each state would probably have 10-20 thousand crore worth of bids. Telangana, Karnataka and Madhya Pradesh as of now AP also I understand would come out in the next two quarters.

Anil Sharma: In the next two quarters...

Sandeep Reddy: Yeah, Andhra Pradesh

Anil Sharma: Okay

Sandeep Reddy: still we don't have any. Even in the Telangana there are no bids out. This is what the details have been done. It's in the initial stage.

Anil Sharma: Okay, okay, but we haven't won any order yet in this financial year.

Sandeep Reddy: No, we have not won any order this year.

Anil Sharma: So, any...

Sandeep Reddy: We have submitted the bids...

Anil Sharma: So, any guidance for this particular financial year?

Sandeep Reddy: Sorry

Anil Sharma: Any guidance for this particular financial year? Any order inflow that we are targeting?

Sandeep Reddy: No, guidance means I have told you, we have submitted bids and before March we are going to submit the, we have already submitted for about nearly 5000 crores of road projects, probably before March we would submit another 4-5 thousand. So normally our thing has been that strike rate has been couple of thousand we may win this for March.

Anil Sharma: Okay, okay. Thank you, thank you so much sir. That's all from my end. Thank you. Yeah.

Pavitra: Thank you, Sir. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. We have next question from Rikesh Parikh from Barclays. Please go-ahead Sir.

Sandeep Reddy: From?

Rikesh Parikh: Yeah, thanks for the opportunity. Sir can you guide me what is our current net debt position as of December ending?

Sandeep Reddy: Net debt is, see the slide 8 in our, no, no slide 5 in our presentation has a completed breakup of the entire debt actually.

Rikesh Parikh: Yeah, but it mentions that likely repayment of....

Sandeep Reddy: Yeah, yeah. That's what I am saying, up to December it is 1543, we are hoping to repay 400 crores by using the monetization awards and also likely receive. That happens then our net debt will come down only to a working capital.

Rikesh Parikh: So, means if I exclude those two likely repayments so current net debt is around 1492 odd?

Sandeep Reddy: It's 1543...1500

Rikesh Parikh: Pardon?

Sandeep Reddy: It's 1500

Rikesh Parikh: 1500, okay. Pardon? Come again. As of December 20, I am asking, December 19 sorry.

Sandeep Reddy: Sorry? Can you please repeat?

Rikesh Parikh: I want, what is net debt position as of December 19?

Sandeep Reddy: But December 19 is the same thing, 1543. Yeah, it's around that 1500.

Rikesh Parikh: 1500 crore, okay.

Sandeep Reddy: Yeah 1543.

Rikesh Parikh: And 1543, okay sure. Yeah. And secondly, I would like to understand this whole Sembcorp payment has been received and we have made reduction in the payment, right?

Sandeep Reddy: Yeah.

Rikesh Parikh: Okay. That is my...

Sandeep Reddy: As of now we had consolidated debt of another, in the holding company another 200 crores that we repaid.

Rikesh Parikh: Okay.

Sandeep Reddy: And the balance we have used for the other general corporate and reducing and use of general working debt.

Rikesh Parikh: Understand. Any other monetization possibility for us at the...

Sandeep Reddy: Monetization possibility is that we still have economic interest in roads even though we have deleveraged our road portfolio into Gayatri Highways, we still have investment of nearly 400 crores plus into the highways by way of preferential and all that. So, we are in the stage of trying to monetize our highway and, highways actually. If that monetization will happen then the money will also come back to Gayatri.

Rikesh Parikh: And...

Sandeep Reddy: I think really concrete....

Rikesh Parikh: So, means when can do we see possibility of coming back from the default rating to the normal rating for us?

Sandeep Reddy: The default rating could probably take about quarter. See by, hopefully by March ending we want to reduce the debt and come back to up-to-date, but see main problem default rating is nothing, but one day delay also these rate agencies are saying that it is a default. So, we were...

Rikesh Parikh: Agree.

Sandeep Reddy: ...delayed by a month or two to the banks because of the extraneous delay, you know, payments are due from number of various state governments. So, because of that and we are not allowed for a performing assets, we are not in MPA with the bank we have standard asset with all the banks.

Rikesh Parikh: So, it will be, will it be safe to assume that once we are able to monetize the NHAI award

Sandeep Reddy: Yes...

Rikesh Parikh: ...we could probably come back to the normal CFH?

Sandeep Reddy: Yes. See normal, the procedure is after we monetize and we are able to pay the banks on time without any default timing, then normally the rating agencies take anywhere between one quarter to two quarters to come out. They look at observation that is the procedure of rating, you may go through the rating agencies. There is a cooling period and all that. Even though we are up-to-date also we would probably be de-rated.

Rikesh Parikh: I understand it, at least two to three quarters to come back with, under normal rating. So that's absolutely fine and...

Sandeep Reddy: But now with a new norm of SEBI I think rating, you have better this thing that if you are up-to-date then we don't disclose anything. It is as good as out of derating. The derating is only a formality now.

Rikesh Parikh: Okay. And does this by any chance affect our bank guarantee availability for a bidding of the project?

Sandeep Reddy: No, not at all. There is nothing, no connection between bank guarantee because we have not a single bank guarantee that has actually involved actually.

Rikesh Parikh: Okay. Thank you. That's it from my side.

Sandeep Reddy: Yeah.

Pavitra: Thank you, Sir. Next, we have follow up question from Rachit Kamat from Anand Rathi. Please go ahead.

Rachit Kamat: Yeah. Hello Sir.

Sandeep Reddy: Yeah.

Rachit Kamat: So, sir our net debt at last quarter end was around 1550 crores and this quarters again at 1543 crore. So just wanted to understand whether there would be like how, like did our debt increase with few working capital and we repaid that amount?

Sandeep Reddy: No, no, net debt on quarter in December is the same. If you see this quarter, as I told you the net debt includes the two months of....as equipment loans have gone up because at the end of last quarter, I also, this net debt includes the old due amount also right? If you have repaid up-to-date in December then the net debt would have come down.

Rachit Kamat: Okay. No sir basically if I look at my gross debt, it was around 1830 crores at H1 end, right?

Sandeep Reddy: Han

Rachit Kamat: and then the... and now it is at around 1843 crores, because 1543 plus 300 crores of cash balance is 1843, right?

Sandeep Reddy: Okay.

Rachit Kamat: So basically, I wanted to understand my gross status has not changed and in that net basis has not changed. So...

Sandeep Reddy: Yeah that's because...see majority of our debt is working capital. We are not taking any additional working capital the quarter. See from September to December no new working capital is added and also what happened was that the repayments, some, see we, there is the December repayment which is still due. So, because of that the debt would not have shown reduction. So, two things, debt of equipment have gone up because they have got more new equipments in the last quarter and also some debt repayment has not happened. If that would have happened...

Rachit Kamat: Okay.

Sandeep Reddy: ...then the net debt would have come down.

Rachit Kamat: So basically, if I am to understand the 400 crores, 406 crores that you have received of that we are yet to pay for 210 crores that you said we have...

Sandeep Reddy: Yeah, we have already paid 210 crores. We have already paid. So that's, this is standalone net debt is 1800. So, we had a holding company, which is the subsidiary which we had 2000 crores of debt that we have repaid actually.

Rachit Kamat: Okay. So that number will be at a subsidiary...consolidated...

Sandeep Reddy: If you look at our consolidated debt it was, I think around 2000.

Rachit Kamat: Okay. Sure. Sir one more question is I want to understand what are the fund base and non-fund base guarantee limits that we have available to us?

Sandeep Reddy: Yeah. Non-fund base nearly 4400 crores.

Rachit Kamat: Non-fund base is 4400 and what will be a fund base sir?

Sandeep Reddy: And fund base is as I told you... we have this, working capital of around 1000 and the term loan.

Rachit Kamat: Okay and term loans. Okay and sir what will be the utilization for these? As at the quarter end? How much more can be utilized? Let's say in non-fund base limit?

Sandeep Reddy: Non-fund base they have utilized up to 90% now.

Rachit Kamat: Okay utilized 90%. Sure.

Sandeep Reddy: So that's the rotating limit for us. See what happened projects are, see we were in the peak level because last year we have had a number of projects, we got advances. Now you will see the fourth quarter advances are being recovered as the guarantees keep returning back and then we use them for again for new project and other things.

Rachit Kamat: Sure. And sir my understanding is for, for next year's inflow what are we targeting, in FY20 you said we might go for 2000 crores more and how much we would be targeting....

Sandeep Reddy: Sorry?

Rachit Kamat: in FY21 inflow sir?

Sandeep Reddy: We are targeting 2000 this year. We are hoping we will, we just have month and a half so

Rachit Kamat: Yes

Sandeep Reddy: So, we have submitted a number of tenders, I told you we have submitted tenders worth nearly 4000 to 5000 as of now and we are hoping to submit another 4000-5000 before March.

Rachit Kamat: I was talking about FY21

Sandeep Reddy: Sorry

Rachit Kamat: FY21 how much we would be looking at?

Sandeep Reddy: FY21 I think we are looking at nearly 4000 to 5000.

Rachit Kamat: 4000 to 5000

Sandeep Reddy: See historically we have been adding order book of 4000-5000. See also our philosophy has been that we would like to take orders to the extent that we grow at about 20-30% top line.

Rachit Kamat: Yeah, sure. Sure, sir and one more thing sir regarding our asset monetization on the road side, you are in some advance to use for some of the asset like Sai Maatarini asset

Sandeep Reddy: Yeah

Rachit Kamat: So, we wanted, is there any update regarding those monetization?

Sandeep Reddy: Yeah, Sai Maatarini toll roadways, actually we have terminated the project with NHAI and we are in the process of settlement with them on the reconciliation. We have gone to the reconciliation committee. So as per the reconciliation agreement we have terminated as a post measure event because it's a mining project and the mine got cancelled because of all the mining toll traffic was not sufficient to, you know, pay back the debt. So, they...

Rachit Kamat: Correct

Sandeep Reddy: So as per the reconciliation agreement they have to pay 90% of the debt due and also 150% of the equity invested. So that process is going on. We hope that in next six months we would be able to resolve that.

Rachit Kamat: Okay. So that an authority of 90% of debt due and 150% of equity invested, right?

Sandeep Reddy: Yes.

Rachit Kamat: And what would be the equity invested in this asset sir?

Sandeep Reddy: About 170 crores equity.

Rachit Kamat: 170 crores, okay.

Sandeep Reddy: That all equity has been now transferred to Gayatri Highways. We have loan to Gayatri Highways and whatever Gayatri Highways as a pool of assets, once the inflow comes that will get transferred to Gayatri.

Rachit Kamat: Okay. So, if this money effect will be come,.. will be against a repayment of loan that they have extended to our associate?

Sandeep Reddy: Yes.

Rachit Kamat: Sure sir. Thanks a lot.

Pavitra: Thank you, sir.

Sandeep Reddy: Yeah.

Pavitra: We have next question from Vikas, an individual investor. Please go ahead.

Sandeep Reddy: Yeah.

Vikas: Hi Sir. Thanks for giving me the opportunity. I just wanted to understand the breakup for the working capital loan. We have approximately 1000 crores of working capital and actually 50 days of net working capital cycle and in particular 3000 crore rupees sales that would only translate to 400 crores of approximately working capital. What's the balance 600 for?

Sandeep Reddy: No, see these 50 days you cannot compare like that. These 50 days is basically the receivable days and payable days and inventory. So, with that this net working capital is 50 is the calculation. So, see we have receivables and also the payables and all that. So, you cannot, that working capital is based on the stocks and other things. Yeah. So, 600 crore, I don't think we can breakup like that, that 400 crores of working capital used for working capital days and also 600 is usage. So, the total limit from the bank based on the drawing power, depending on the receivable and the inventory and unbuild. If you want, we can give you the cash flow separately.

Vikas: Sure. Sir additional question. With respect to the promoter pledge of shares of the company

Sandeep Reddy: Yeah

Vikas: I believe the lot of shares have been pledged for the loans taken by the company, loans avail of bank subsidiaries? What's the breakup between loans avail for the company and other promoter loans?

Sandeep Reddy: Everything is, 90% of the loans taken are for company loans only. In fact, we have given to the consortium of lenders for the term loans. And also, we had given the loans for the 200 crores worth of what we had paid back, only promoter loans are hardly 70-80 crores actually.

Vikas: Okay. If I may get another question...

Sandeep Reddy: which we have actually pledged this year.

Vikas: If I may get another question, sir out of the 406 crores rupees received from Sembcorp I believe 200 crores has been paid to Edelweiss that's were the announcement were. The balance 200 crores for GCP that you have been saying, so what is the GCP exactly? Can you throw light on it?

Sandeep Reddy: General purpose, general working capital and also repaying the existing interest and repayment went into this company cash flow. When I say general corporate purpose means they are used for the working capital requirement actually.

Vikas: So, but if you say actually the sales haven't moved up significantly and you know, the working capital moving up, if you could just throw some light actually because sales only 700-800 crore this year quarter and 200 crore of working capital increase.

Sandeep Reddy: It's not, we have not increased 200 crore working capital like that. We have used, we have reduced even some, the regular liabilities, interest has been paid and all that. We can give you the breakup like that. I cannot give you exactly what I have used for, we can share with you later.

Vikas: Sure, and sir last question, in the last quarter which is basically for the September ended when you had booked the arbitration award as an income you had also put in a small note that said 82 crore rupees of that will towards the contractor.

Sandeep Reddy: Yeah

Vikas: for his expense. When this arbitration awards, we are expecting approximately 400 crore in this quarter would that include this same arbitration income?

Sandeep Reddy: See this 400 doesn't include that 80 crore because see I tell you this is only 75%. The 25% still we are yet to get. Those will be, once we have win the arbitration award then only, when we receive the full money then we will pay our

expenses. So, till that time what we are now monetizing is converting fund base into non-fund base. There is no difference. See tomorrow what happens is supposing what if I lose that claim after three years, one of the claim, then I have to pay back the money and the loan comes onto the book actually.

Vikas: But that 406 includes that claim?

Sandeep Reddy: That 406 includes the claim actually.

Vikas: Okay. Thank you so much sir. Thank you.

Pavitra: Thank you, Sir. That would be the last question for the day. Now I handover the floor to Mr Sandeep Reddy for closing comment. Over to you sir.

Sandeep Reddy: So, I would like to thank all of you for participating in this earnings call. I hope I would have answered most of your questions whatever you have got. In case you have further clarification please feel free to contact us, Mr Chandrashekhar in the company. Also Go India people can, you know, pass on the message to me. Thank you.

Pavitra: Thank you, Sir. Ladies and gentlemen this concludes your conference for today. Thank you for your participation and for using Door Sabha Conference Call Service. You may disconnect your lines now. Thank you and have a pleasant day.

Note:

1. This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.