"C&C Constructions Q3 FY10 Earnings Call"
Investor/Analyst Conference Call Transcript
April 30, 2010

Moderator: Ladies and gentlemen, good afternoon and welcome to the C&C Constructions Q3 FY'10 Earnings Conference Call. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Aditya Bedi from Citigate Dewe Rogerson. Thank you and over to you sir.

Aditya Bedi: Good afternoon ladies and gentleman, welcome to C&C Constructions Limited Q3 FY2010 Conference Call. We have with us today the company's chairman Mr. G. S. Johar and Chief Financial Officer Mr. Tapash Majumdar. We will begin this Conference Call with opening remarks from Mr. Johar followed by an interactive question and answer session. Before we begin, I would like to mention that certain statements made during this call may be forward looking and the disclaimer to this effect has been sent to you in the conference call invite. I would now like to invite Mr. Johar to address the conference.

G. S. Johar: Thank you Aditya. Greetings to everyone and welcome to the C&C Constructions Q3 Financial Year 2010 Analyst and Investor Conference Call. I trust you have received the presentation and financials. Let me quickly take you through the key highlights. Our business delivered another quarter of robust performance where net sales grew by 12% to Rs. 317 crore from Rs. 282 crore. Operating profit expanded 66.8% to Rs. 81 crore from Rs. 49 crore in the previous corresponding quarter while margins were higher at 847 basis points at 25.8%. Net profit of Q3 Financial Year 2010 was higher by 34.4% at Rs. 109

million from Rs. 81 million translating to a non- annualized earnings per share of 5.95.

The company continues to enjoy a strong revenue visibility aptly demonstrated by a healthy order book of Rs. 2,738 crore as of 31st March 2010. Over 57% of the total order book is from independent contracts while the remaining is through joint ventures with strategic partners. Geographically over 45% of our business is derived from Bihar and Afghanistan while we are also rapidly growing in Punjab and Haryana, which now constitutes 30% of the total pending order book. Roads and highways vertical continues to remain our forte currently contributing over 52% of the total pending order book. Although this vertical will remain our key pillar or strength, our endeavor has been to leverage our skills and know-how to diversify business operations. To this extent we have made significant progress in growing business from other verticals like building and railways, which will now make 43% of our total pending order book.

As I mentioned to you in our last concall that we are in the final stages of our capital raising exercise. I am pleased to announce that we have successfully raised Rs. 127 crore through a QIP and shares issued to promoters upon conversion of warrants with an additional Rs. 50 crore in the pipeline. The proceeds as mentioned in the earlier call will primarily be used to capture greater wallet share from the abundant business opportunities in offer. More specifically the capital raised will be used to acquire machinery, make investments in BOT projects, and also feed the company's long-term working capital requirements.

During the quarter, we signed an LOI with Cinepolis for leasing at our Mohali bus terminus, a 10 screen megaplex. Earlier in 2009 C&C had won a Rs. 533 crore order from the government to build and operate an Inter State Bus Terminal in Mohali. The megaplex project spanning over 65,000 sq feet is in the same location and is expected to be completed in the second quarter of 2011.

We are also pleased to announce that we have signed a memorandum of understanding with Isolux Corsan, a Spanish company, for the construction services in all verticals for the Indian market as well as the African market and the Soviet Block. This would be a 60:40 JV and would cover all verticals in which we do not hold qualification. This would result in us being able to quote for jobs that are beyond our qualification both in terms of nature of job as well as the size of the job.

In concluding my opening remarks, I would like to convey our confidence and optimism in the future growth plans for the company. The demand environment in infrastructure continues to remain robust and is only expected to grow further. This is also reflected and supported by various initiatives undertaken by the government such as the National Highways Authority in the National Highway Development Programe and the Jawaharlal Nehru Urban Renewal Mission (JNNURM). C&C has consistently delivered high quality working within budgeted time and costs. Our specialized skill set of operating in challenging environment is a key differentiator that allows the company to command significantly higher margins. Going forward, we expect to continue to grow strongly. This brings me to the end of my discussion and I would now happily address questions and queries that you may have. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Nirav Vasa from Gupta Equities. Please go ahead.

Nirav Vasa: My first query relates to the QIP, which was executed successfully. Would it be possible for you to share who the investors in this QIP are, whether it is bank, HNI individual or some idea about the nature of the investors?

Tapash Majumdar: For QIP, all the investors are institutional investors. HDFC mutual fund is a large investor, to that extent; they have renewed their confidence in the company. We also have Demeter Advisor, an FII who has invested and we have DSP Blackrock who has invested in the company. **Nirav Vasa:** Just one more query. Post this QIP and the infusion of fresh equity by promoters, what would be the final number of equity shares post the entire successful execution of both the deals?

Tapash Majumdar: We also have a privateequity that is coming in as a convertible instrument and after all that we have about 2.50 crore shares. Presently we have about 2.33 crore equity shares which is without considering the shares which will be issued to private equity investor upon conversion of convertible instrument. **Nirav Vasa:** A question which relates to your Kurali-Kiratpur project. Out of that 44 km road, how many kilometers of road have you successfully completed till date?

G. S. Johar: Just about 2 km is pending, one is for want of clearance. A small stretch that has got into a legal issue because of the local truck union not shifting from that point, and we hope that within the next one or two months this should get sorted out. ROB for which land has now been available and we will get the project up and about before the scheduled date.

Nirav Vasa: Can I get some idea about the financial closure position of the Mohali Bus Terminal project?

G. S. Johar: That is in the final stages. We have received queries and information requirements from various banks, and we hope that during the next two to three weeks we should be able to close this.

Nirav Vasa: In this quarter the EBITDA margin of the company was around 25.8% and in December ended quarter it was 25.2%. Your company has a tradition of bagging orders wherein the minimum margin is 20% and in the last quarter the increase in margin was due to some claims of escalation that were given to you, so would it be the same reason for the increase in margin for the March ended quarter as well?

G. S. Johar: Yes by and large the same reason.

Nirav Vasa: Okay and in this quarter you had made a PBT of Rs. 38.1 crore whereas the tax outgo was Rs. 27.24 crore. Any specific reason why the tax outgo is much higher compared to the sequential quarters?

Tapash Majumdar: The tax provision basically is an annual provision. On a QoQ basis it is at best an estimate. As we come closer to a year end, our total CapEx expenditures and overall profitability assume finality.Therefore whatever taxes that we need to payand which we have not paid in the early part of the year are now provided. In this quarter we have actually updated all the taxes till date. To that extent the taxes provided in this quarter are not related to the profits of the quarter only.**Nirav Vasa:** So, I believe this is just to create a reserve so that there is no issue when the actual outgo of cashes to be made?

Tapash Majumdar: Exactly.

Nirav Vasa: Thank you very much, my doubts are cleared.

Moderator: Thank you. The next question is from the line of Abhishek Patel from Anagram Capital. Please go ahead.

Abhishek Patel: Good evening sir. I have a couple of questions pertaining to your BOT project at Kurali-Kiratpur. What is the expected average revenue per day when the project is fully operational? Just a rough guess.

Tapash Majumdar: Roughly about Rs. 13 lacs a day.

Abhishek Patel: Okay. What is the toll revision policy for that project? I am aware that it is linked to WPI. Will you be hiking toll price every year or every two years?

G. S. Johar: Every year.

Abhishek Patel: What is the total debt as on date on the books?

Tapash Majumdar: Debt on the books is Rs.795 crore as on 31st March.

Abhishek Patel: What is the amount for projects you have currently bid for?

G. S. Johar: We have roughly about Rs. 3,500 crore worth projects that are under bid.

Abhishek Patel: Any L1 in that?

G. S. Johar: No, not yet. There is very small Rs. 130 crore thatmay be L1.

Abhishek Patel: What is your rough guidance for the full year, if you have put a number for the full year?

G. S. Johar: We look at about Rs. 1,200 crore.

Abhishek Patel: Thank you very much.

.**Moderator:** Thank you. The next question is from the line of Prachi Bane from Indsec Securities. Please go ahead.

Prachi Bane: My question is on the order book of Rs. 2,738 crore. What would be the execution period for the Indian and overseas operations?

G. S. Johar: Roughly about one-and-a-half years.

Prachi Bane: Is that the execution period for the whole order book?

G. S. Johar: Right.

Prachi Bane: Could it be the same date for this Afghanistan project?

G. S. Johar: On an average it would be the same.

Prachi Bane: Secondly, could you give us a sense of margins that we are getting in Indian operations and international operations, and overall the blended margins as such, which we are earning in the business?

Tapash Majumdar: In the overseas operations right now we have Afghanistan, the EBITDA margins are around 35% and the Indian margins would be depending on where we are working, but the blended margin overall would come to close to about 22%, 23%, and as far as the year end is concerned this year the EBITDA is in the range of about 24% to 25%, that is what our target is for the year end is, given the way our business is shaping up so far.

Prachi Bane: How much are the orders worth that we have added during the first nine months of FY'10?

G. S. Johar: We do not have very large accumulation of orders during this period and primarily the focus has been on execution and I think we have added on some Rs. 250 crore worth of orders during this period. The crucial thing is delivering what we have, and we are in no hurry to grab an order. We will only take orders that pass our sort of investment norm and on any BOT project we look at least the minimum IRR of 20% before we were to accept an order. So, I will start getting worried during the next six months if I do not get any order.

Prachi Bane: I just missed out on the L1 and the bid submitted amount, can you please repeat that?

G. S. Johar: About Rs. 3,500 crore are submitted bids and I am waiting for the results. There is a Rs. 130 crore order in L1.

Prachi Bane: Are there any pre-qualification bids also which we have submitted?

G. S. Johar: Pre-qualification bids will run into about Rs. 10,000 crore. Actually that will only give you the sense of the market that we are addressing and no link to the order inflow. I mean, if it does not pass my investment norms, I would not bid for them.

Prachi Bane: Any guidelines on the top line if you would share, may be this year and next year?

G. S. Johar: We are looking at about Rs. 1,200 crore this year and this will grow at about 50% next year.

Prachi Bane: Could you give ussome plans on your CapEx and debt levels for this year ?

G. S. Johar: I think we will maintain the debt at the current level and CapEx would be roughly about Rs. 60 to 70 crore during the next 15 months.

Prachi Bane: And what would be the amount, which is incurred till date for nine months, this year?

Tapash Majumdar: We would have done about Rs. 73 crore worth of additions to fixed assets.

Prachi Bane: Okay, last quarter, any major addition?

Tapash Majumdar: Around Rs. 36crore addition in the last quarter. **Prachi Bane:** Okay, so the next year it would be around the Rs. 60 to 70 crore range. Last question on the BOT projects. The investment, which is pending from C&C, Ifor the Kurali toll road project in which we have 49% stake which is Rs. 52 crore equity, out of whichRs. 45 crore is already invested. What about the balance Rs. 7 crore? , Will it be invested this year or will it be due next year?

G. S. Johar: It will probably happen during this quarter.

Prachi Bane: Okay. Mohali project, could you share the cost?

G. S. Johar: We have invested Rs. 80 crore and need to spend another Rs. 17 crore on that project..

Prachi Bane: So in the next year would you make an investment for that?

G. S. Johar: Right.

Prachi Bane: Thank you so much.

Moderator: Thank you. The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.

Parvez Akhtar: Sir, just a couple of questions; with regards to the variation claims that we have received this quarter, would it be possible to give some color on the amount of those claims?

Tapash Majumdar: Parvez, it is in the range of about 4.5% to 5%.

Parvez Akhtar: 4.5% to 5% of the top line?

Tapash Majumdar: Yes.

Parvez Akhtar: You mean this quarter's top line?

Tapash Majumdar: Yes.

Parvez Akhtar: What would be the cash on books currently?

Tapash Majumdar: Rs. 90crore as on 31st March.

Parvez Akhtar: This is after the QIP.

Tapash Majumdar: No.

Parvez Akhtar: You have not received the QIP fund yet?

Tapash Majumdar: Not as on 31st March.

Parvez Akhtar: What would be our net working capital in absolute terms currently?

Tapash Majumdar: Net working capital as on March 31, 2010 excluding the JV advances will be about Rs. 500 crore.

Parvez Akhtar: Okay. That would be from my side.

.**Moderator:** Thank you. The next question is from the line of Arindam Gupta from Reliance Mutual Fund. Please go ahead.

Arindam Gupta: I want to get an idea of what is the full year PAT that you are looking at after the tax provisioning. I know you already clarified you did a higher tax provisioning in this year. What is the full year profit number you are looking at?

Tapash Majumdar: Full year PAT should be in the range of Rs. 60 crore and Rs. 65 crore.

Arindam Gupta: Okay, thank you.

Moderator: Thank you. The next question is from the line of Manoj Kumar from IIFL. Please go ahead.

Manoj Kumar: Sir, couple of questions, one is this guidance of Rs. 1200 crore on the top line and Rs. 65 crore on the PAT. This is for June ending 2010 or June ending 2011.

Tapash Majumdar: June ending 2010.

Manoj Kumar: Okay. Out of the total turn over of this 1200 crore, what would be the international operations and what will be the domestic operations?

G. S. Johar: 8% would be international and 92% is domestic.

Manoj Kumar: Though a lot of participants may know this already a margin of 22% to 23% on the construction space looks much higher than what a lot of competition is enjoying, so I want to understand what is the scope of work, which C&C is operating because if you look at the competition, they must be in the range of maximum of 10% to 12% even the road projects and things like that, so is there a specific part of the project that we do where we get higher margins?

G. S. Johar: It is primarily the geography that we work in that is what actually determines your profitability.

Manoj Kumar: So geography you said is Bihar, Punjab, and Haryana, right?

G. S. Johar: Yes, but Bihar is the one that gives you better margins in the local scene and of course it is your delivery mechanism and your margins are better because you delivered more and if you compare our execution with the rest of our peers you will see the difference and the process of buying, setting up our own crushers, having our own equipment, I do not boast of the best ratio of fixed assests to turnover, that is primarily because a major portion of the equipment is my own.

Manoj Kumar: Okay. So, you will probably be little more capital intensive than the competition?

G. S. Johar: Yes.

Manoj Kumar: My last question is on these BOT projects. If I understand correctly you currently have two BOT projects. One in Mohali and one Kurali?

G. S. Johar: Yes, just two projects.

Manoj Kumar: What is the total investment in those projects till date and total expected from our side?

G. S. Johar: We have Rs. 110 crore invested till today and we are supposed to invest Rs. 150 crore, so another Rs. 40 crore have to be invested during the next 12 months.

Manoj Kumar: Is this a 100% owned project?

G. S. Johar: We own 49% in the Kurali-Kiratpur project and 100% in the Mohali project.

Manoj Kumar: I will come back to you for further details.

.**Moderator:** Thank you. The next question is from the line of Shrinivas Rao from HDFC Mutual Fund. Please go ahead.

Srinivas Rao: Can you take us through theexecution status of key projects? Top three projects.

Tapash Majumdar: Srinivas, this is Tapash Majumdar. So far all the projects are as per schedule. We just had a slight setback in the Afghanistan project, which for the time being is on the pause mode, Apart from that all other top projects, such as Zirakpur-Parwanoo, Bihar as well as the Yamuna Expressway are on schedule and working fine. We are confident that whatever projections we have planned for the year, we would be capable of delivering that.

Srinivas Rao: What were the revenues from this Afghanistan project where you had an issue in Q3?

Tapash Majumdar: About seven odd crore.

Srinivas Rao: Seven odd Crore from that Afghanistan project where you have currently stopped working?

Tapash Majumdar: Yes.

Srinivas Rao: Okay. And also for the full year I am just looking at the number you said about Rs. 1,200 crore which means you have to do Rs. 450 crore in this quarter, which is about Rs. 150 crore, so where are we say in April.

G. S. Johar: April we are at about Rs. 145 or Rs. 146 crore.

Srinivas Rao: Sir, on the borrowings we are at Rs. 795 crore is that what you said?

Tapash Majumdar: Yes, that is right.

Shrinivas Rao: Compared to Rs. 740 crore previous quarter?

G. S. Johar: That is right.

Srinivas Rao: Where did this money go, additionally money, again working capital?

Tapash Majumdar: Working capital, and a little bit for acquisition of assets.

Srinivas Rao: Okay. What do we expect this number to be by June after the QIP money is utilized?

Tapash Majumdar: It should not increase; it will probably be at the same level, if not less.

Srinivas Rao: I thought it would be reasonably lower, whereas Mr. Johar said it will be flat, so I wanted to have clarity on that.

G. S. Johar: It will be flat on my December numbers.

Srinivas Rao: Okay. So this Rs. 127 crore from QIP and shares issued to promoters upon conversion of warrants plus another 50 crore in the pipeline, so I thought borrowings should be lower by June?

Tapash Majumdar: See it is all a function of how the execution gets ramped up. Even now this is our peak period, so we have to make this investment in our working capital. As you know, the money is coming in phases, the first phase came from the promoter's equities, which did help in preventing further increase in debt, now this QIP money is just about in and we have not utilized it yet, but we will be using it and the third one will be private equity. I think all this money would be in place by June 2010 and going forward I think you could expect that there would be no incremental debt to fund the incremental revenue.

Srinivas Rao: Can you share some more details on this MOU with Isolux Corsan?

G. S. Johar: Shrinivas, this is an MOU that will address the market that is not currently available to the company. I think it is probably the first time that somebody has signed an arrangement like this that for all jobs that I do not qualify; I will bid along with Isolux Corsan and this would improve not only the verticals that I currently undertake, but would also include verticals that I am not doing currently in oil and pipeline, power transmission we are doing in a very, very small manner, water and sewerage we are doing in a very small manner, so all this would form a part of this JV and this is not limited to the Indian market we would also address the Asian markets and the Soviet Block, and the African continent on a case by case basis, and all existing works of Isolux Corsan are now been awarded, so we currently have got about Rs. 18,000 crore worth of work in India.

Srinivas Rao: **Rs.** 18,000 crore?

G. S. Johar: Yes, of which some Rs 8,000 crore or Rs. 9,000 crore has already been awarded and work is going on. The balance would come on to this JV.

Srinivas Rao: What will be structure of this JV?

G. S. Johar: See, we are examining both the options of event getting it unincorporated JV or it will be an MNC; I get the tax advantage of 3% of it from LLP. So, right now we are into a view that this rather be an LLP; however, there is some clarity required if a subsidiary of a foreign company can invest in an LLP, so it is going through the process of checking on this before we decide.

Srinivas Rao: Okay. Un-awarded projects worth about Rs. 10,000 croreapproximately Which are the segments, can you name one or two projects?

G. S. Johar: The Rs. 3,500 crore that I have mentioned to you is unawarded, these are primarily roads. Then we have Rs. 10,000 crore worth of qualification pending for these NHAI projects.

Srinivas Rao: Okay. Thank you sir. All the best.

Moderator: Thank you. The next question is from the line of Arun Sethuraman from Capital Markets. Please go ahead.

Arun Sethuraman: Sir, this private equity that you are planning to raise now, what is that amount, is it Rs. 50 crore or Rs. 62 crore?

G. S. Johar: 50 crore.

Arun Sethuraman: That is it sir. Thanks a lot.

Moderator: Thank you. The next question is from the line of Deepak Khatwani from Aadhar Securities. Please go ahead.

Deepak Khatwani: If I look at the income statement of yours in the current quarter there is a deferred tax expense of 14 crore. Can you please throw some light on this?**Tapash Majumdar:** This is to bring it in line with all the assets that we acquired and the deferred tax provision which we are supposed to make over the year. Now, for deferred tax provision you only get a hang of it once your capital purchase program is complete. We have now provided for all those taxes that would fall due on a deferred basis for the assets that we acquired till date and for which we had not provided for earlier. The deferred tax is not for this quarter only. The right way to look at it would be to examine the nine-month results. The taxes now provided bring the company up-to-date from all aspects of tax whether it is current or deferred.

Deepak Khatwani: All right, so it is not attributable to this particular quarter, it is for the nine months?

Tapash Majumdar: Yes

Deepak Khatwani: All right. Thank you very much.

Moderator: Thank you. The next question is from the line of Sagar Parekh from Enam Holdings. Please go ahead.

Sagar Parekh: Hello you said that roads contribute around 52% of your order book?

G. S. Johar: Yes.

Sagar Parekh: So what about the other verticals, can you be able to breakup of your order book?

G. S. Johar: We have about 30% buildings, about 14% is railways, and the balance about 5% is between water, sewerage, and transmission.

Sagar Parekh: Okay. In terms of revenue can you give us a breakup in terms of verticals for the current quarter?

Tapash Majumdar: That would by and large follow the same percentages as the order book. **Sagar Parekh:** Okay. What about the EBITDA margins in terms of different verticals; roads I think would be higher.

Tapash Majumdar: Roads and railways belong to the same family. We are doing the parliament in Afghanistan, so that falls in the overseas territory and you know margins are pretty high there; they are in excess of 35%.

Sagar Parekh: So what about roads and railways?

Tapash Majumdar: It depends where we are working, but the blendedEBITDA margin for the company including overseas would be close to 24% to 25%.

Sagar Parekh: Okay. Sir, you said that total investments in two BOT projects are around Rs. 150 crore is that right?

Tapash Majumdar: Yes.

Sagar Parekh: That includes debt and equity both or just the equity contribution?

Tapash Majumdar: No, this is only our equity.

Sagar Parekh: Okay. This is your equity. What would be the debt that you have taken for this?

Tapash Majumdar: 70:30 is proposed in Mohali. In Kurali, it is 75:25.

Sagar Parekh: Okay. And you have already got the debt?

Tapash Majumdar: Yes, this financial closure has happened already in Kurali-Kiratpur.

G. S. Johar: We have utilized the entire proceed and we should sort of complete this project in the next couple of months and start collecting toll from July-August.

Sagar Parekh: In Kurali and in Mohali?

G. S. Johar: Mohali the financial closure is under process; however, we have spent about Rs. 80odd crore on that project?

Sagar Parekh: Okay, and the balance remaining?

G. S. Johar: Yes, as the financial closure would happen in the next couple of weeks we then have enough time to deploy the balance equity.

Sagar Parekh: Okay. Thank you sir.

Moderator: Thank you. The next question is from the line of Nirav Vasa from Gupta Equities. Please go ahead.

Nirav Vasa: I just had a query related to the fund infusion, which has happened. You just informed that the money as of now is lying in a separate account, so can we expect that money to be transferred into C&Cs account by the end of this year?

Tapash Majumdar: Yes, of course.

Nirav Vasa: So, it would be the money, which is raised through warrants to promoters and QIP money both?

Tapash Majumdar: If you remember the promoters have paid in money and we converted their warrants at 253 along with the QIP but the money has come in much before this. We received the 100% contribution. The conversion only happened along with the QIP. The cash flow into the company as regards the warrants happened much earlier. **Nirav Vasa:** Okay sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Prachi Bane from Indsec Securities. Please go ahead.

Prachi Bane: This is basically on the Mohali BOT project regarding the funding structure, which is specified, of the total cost of Rs. 533 crore, 25% if I am not wrong is equity?

G. S. Johar: It is Rs. 432crore and promoter's equity is Rs. 124crore, Rs. 108crore sales proceed and Rs. 200crore of debt.

Prachi Bane: Okay and C&C is holding 100% equity?

G. S. Johar: We hold 100%.

Prachi Bane: Okay, so Rs. 124crore would be equity commitment from us?

G. S. Johar: Right.

Prachi Bane: Okay, and out of that we have invested only Rs. 80crore?

G. S. Johar: Very correct, and the balance equity will probably be invested over the next two years.

Prachi Bane: Okay. Will Kurali be nominal,about Rs. 7 to Rs. 8 crore?

G. S. Johar: Some 7 to Rs. 8 crore pending, which will probably either get invested before the end of this quarter or may be early July.

Prachi Bane: Okay. Sir, in Mohali can you give us the tentative dates like the start of construction, the end?

G. S. Johar: We started construction in December and we should have the bus stand portion ready by June next year and in another one-and-a-half year we should have the rest of the structure in place.

Prachi Bane: Okay, so may be by 2012 - 2013 the revenue will start coming in?

G. S. Johar: The revenue starts contributing earlier because we will start selling the space maybe the next month or so.

Prachi Bane: Okay. Sir, on the cost of debt for Kurali project, can you give us the average cost of debt?

Tapash Majumdar: 11.25% p.a.

Prachi Bane: The cost of debt for the company as a whole for C&C?

Tapash Majumdar: The total of finance charges is about 13.5%, , which includes commissions paid to bank for various services like bank guarantees and letters of credit.

Prachi Bane: Okay sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Pankaj Kumar from KJMC Capital. Please go ahead.

Pankaj Kumar: Sir, you have Rs. 3,500 crore of projects under belt. Which particular geography are these from?

G. S. Johar: This is spilled all over.

Pankaj Kumar: Are these from the higher margin locations?

G. S. Johar: These are BOT projects. I can say about Rs. 2,500 crore on the higher margin end.

Pankaj Kumar: Okay. These are from which segment, road or water?

G. S. Johar: Roads.

Pankaj Kumar: Okay sir. Thank you.

Moderator: Thank you. There are no further questions; I would like to hand the floor back to the management of C&C Constructions for closing comments. Please go ahead.

G. S. Johar: Thank you for participating in the concall. I think we at the company are pretty pleased with our performance and of course we have many miles to go and we see a great opportunity in the infrastructure development space in India and we will address them to the best of our ability. To increase our canvas, we have tied up with Isolux Corsan so that we can address the larger projects where competition is lower and margins are better and that has been our constant policy. Our relationship with our joint venture partner earlier also led to a considerable increase in our capacity and that sort of intention continues. We will continue to grow up to 45% to 50% combined growth rate and the focus this year would be on trying to contain my working capital and improving the ROI. Thank you.

Moderator: Thank you gentlemen of the management. Ladies and gentlemen on behalf of C&C Constructions that concludes this conference call. Thank you for joining us and you may now disconnect your lines.