



“OM Metals Infraprojects Limited Q4 FY-17 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the OM Metals Infracorjects Limited Q4 FY17 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the believes, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your Touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Siddharth Kothari. Thank you and over to you, sir.

Siddharth Kothari: Thank you. Good afternoon, everyone and welcome on the earnings call for the quarter and year ended 31 March 2017. So along with myself I have Mr. Vikas Kothari – Director & President; Mr. S. K. Jain – Chief Financial Officer and the Strategic Growth Advisors our Investor Relations advisors.

I hope everyone had the opportunity to have a look at the company's quarter 4 and full year FY17 results as well as the presentation which has been uploaded on the website and the NSE and BSE platforms.

So before discussing the performance I would just like to talk about some key highlights of the year and let me just start with few developments on the hydropower sector. So according to the international hydropower association 31.5 gigawatts of the new hydropower capacity which commissioned globally in 2016 and at the end of 2016 the world's total installed hydropower capacity has reached 1,250 gigawatts. So China was the leader in terms of new hydropower capacity installed. They added about 11.7 gigawatts in 2016 whereas the Brazil installed 6.4 gigawatts of new hydropower in 2016.

India increased its hydropower capacity by almost 500 megawatts to a total of 52 gigawatts. On the budget side, the Ministry of New and Renewable Energy has doubled its planned expenditure from Rs. 4,000 crores to over Rs. 9,000 crores with a special emphasize on hydropower sector. And they aiming to achieve about 175 gigawatts of clean energy targets by 2022 as stated in the report.

Another interesting point was that the Jharkhand State cabinet has given its approval now to develop 13 different hydropower projects in the state involving over Rs. 1,000 crores with a target of producing about 125 megawatts of electricity. So moving ahead I would also like to share a few updates from the company now.

And during this year the company has been awarded a hydromechanical works contract package for modernizing and renovation of the Baira Siul hydroelectric power station in the State of Himachal Pradesh. The project is granted by NHPC Limited with a contract value of almost Rs. 20 crores and the project has the capacity of producing about 180 megawatts of power. The

company has also secured a LOI from the Indra Sagar Project, the canals work from the Government of MP for the supply and laying of pipelines at the Upperveda with a contract value of Rs. 13.5 crores.

The company has also taken the initiative of diversifying its business this year by venturing into a new segment which has resulted in the attainment of an LOA from the Food Corporation of India. This is for the construction of silos for the storage of wheat at four locations and these locations are Bhagalpur in Bihar, Fatehpur in UP, Malda in West Bengal and near Siddhpur in Gujarat. Each silos has a capacity of storing about 50,000 metric tons of wheat. And the project is under DBFOO basis under the usual PPP mode with a concession period of 30 years.

And the company has formed four SPVs, at least one SPV finished project wherein the share of metals and each SPV facility is 50%. And further the company has also received a letter of intent from Rwanda Agriculture Board for the development of irrigation and watershed development in Mpanga sector in Africa. The value of this contact will approximately \$16 million. And with a view to simply corporate structure the company has also undertaken the task of realigning the corporate structure by selling a few of the subsidiaries and step-subidiaries which will not directly related to the core operations.

So we will continue to work in this direction and share further details on the same as and when they happen and the idea more or less is to focus on optimizing the resources and strengthening the balance sheet.

So with this I would like to now request Mr. S. K. Jain to present the results for the quarter and year ended 31 March 2017. Thank you.

S. K. Jain:

Thank you, Siddharth. Welcome everyone. On behalf of OM Metal Infracorjects Limited, the year 2017 was more or less better than March 2016 in terms of turnover we clocked with a revenue of Rs. 237 crores in a standalone basis and almost Rs. 300 crores on consolidated basis. The profit dipped a little bit because of some factors which I will explain in coming session. And this quarter was generally good with Rs. 67 crores we clocked as the revenue and turnover profit was Rs. 1.30 crores as against Rs. 51 crores for the last year same quarter and profit was Rs. 2.30 crores.

The turnover of consolidated was Rs. 297 crores and we have done an EBITDA of almost 20%. We have declared 20% dividend and the ongoing year 2017-18 it was pretty good and all our projects like Rwanda, Rampur, Ujjain, Gujarat will be executing in this year and major portion of this project. So we will be clocking a handsome revenue in this year.

I would request to all in the coming session to invite questions on standalone and consolidated basis. Again to Siddharth.

Siddharth Kothari:

Thank you Jain sab. We can go straightaway to questions now.

- Moderator:** Thank you very much. We will now begin with the question-and-answer session.
- We have the first question from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Two, three questions. One is the subsidies sold are to the directors or promoters of the company only. And at what price it was sold off and what was the revenue impact on the company?
- S. K. Jain:** Some small, small assets which were not related to company's operations and which are not directly related to the company were sold in March 2017.
- Tejas Shah:** But I think so hotels were there and some other assets had gone through that. And what was the revenue and what was it sold at?
- S. K. Jain:** There are six, seven companies in which we were holding shares in our Om Metal Real Estate Private limited. So this real estate subsidiary has sold the shares in those step subsidiaries where we were holding some portion of shares as a capital.
- Siddharth Kothari:** And just one clarification. There was one company with the word of hotel in it, but that does not include our hotel asset in Jaipur.
- S. K. Jain:** Yes, that is not included. Hotel is not in sale right now and not sold in March 2017. That is actually in Om metal as on March 2017.
- Tejas Shah:** The interest cost is going up, any particular reason on that?
- S. K. Jain:** We have done CAPEX for our packing division in Faridabad where we have bought machineries of Rs. 30 crores. So the interest has been factored in there and CC limits were utilized on the higher side as against the last year March 2016. So that impact was there and the bank guarantee commission has been increased across the board by all the banks. Somewhere it was 1% now they have done 1.5% in some banks like BOB and IDBI. IDBI is in deep trouble you know. Today they have been invoked as a PSE. So that impacted our finance cost.
- Tejas Shah:** Okay and any progress on the Jaipur and BKC Bandra project?
- S.K. Jain:** Jaipur project is going on, after the clearance from tribunal the construction is going on in full swing. We are on the verge of achieving the full height of the project which is 30 meters. Right now, it is going on at 27 meters. And next month we will be completing the structures of the the entire building block. And the possession we will start in next July or August I hope that we will be able to deliver the project by December 2018 as a full possession of to the buyers.
- Tejas Shah:** That will be the complete project or a part project?
- S. K. Jain:** Complete project.
- Tejas Shah:** Complete project. Okay thank you.

- Moderator:** Thank you. The next question is from the line of Manan Mehta from Mehta Investments. Please go ahead.
- Manan Mehta:** I wanted to know what is the strategy behind bidding for international orders, we are looking to diversify geographically in a big way?
- S. K. Jain:** We are interested in getting our footprints in pan world you can say like Sri Lanka, Cambodia, Vietnam and Africa. Africa is a very nascent stage and in fact it is going in a very big way. So we have already one project in Rwanda. We are also bidding in few other projects. The margins are as compared to India are little bit higher there. That is why we are bidding there.
- Manan Mehta:** Okay sir. How is the packaging business performing in the current year, sir?
- S. K. Jain:** Packaging business has performed pretty well as per our expectations. I have put a note in the result also that we anticipated Rs. 30 crores revenue in the packaging division and we have already achieved Rs. 25 crores in March 2017. We got good EBITDA also. So this is going very good.
- Manan Mehta:** So what would be the EBITDA margins?
- S. K. Jain:** EBITDA margins is close to 15%.
- Manan Mehta:** And for the coming year sir the expectations?
- S. K. Jain:** Expectation is EBITDA will be close to 15% and 18% and turnover will be roughly Rs. 30 crores to Rs. 35 crores.
- Moderator:** Thank you. The next question is from the line of Pooja Shah, who is an individual investor. Please go ahead.
- Pooja Shah:** Sir, my question is on your existing order book. So what is the execution cycle for this current order book?
- S. K. Jain:** Approximately two years.
- Pooja Shah:** Okay and do we have new orders in the pipeline, a new order?
- S. K. Jain:** We have bidden ten projects in different parts of the country in MP and other states. We are hopeful that we get one or two in next one or two months.
- Pooja Shah:** Okay sir. I just want an update on your Mumbai project with DB Realty. So can you just throw some light, I mean what is the status?
- S. K. Jain:** Vikasji, are you there?

- Vikas Kothari:** So, we basically are waiting a final approval of the new revised LOI which is to be received from SRA. That LOI is expected to come anytime soon; maybe next one or two months we should expect it to come and once that comes post monsoon we will start the removal of the slums or shifting the slums that is existing at the current site. We are hoping that before the end of this financial year we should be able to shift all the slums and start the construction of the rehab building.
- Pooja Shah:** Okay fine. And sir, what is your status on the Hyderabad project, I mean have we sold any portion over there and if yes, then can you just quantify it?
- S. K. Jain:** Hyderabad we have five blocks of buildings A, B, C, D, E and A and B is almost sold off and C is sold at 70% to 80% and D and E are on the verge of selling. So we are regularly selling those two towers, almost 60% to 70% units we have already sold out of 130 units. The revenue we have achieved in this year is Rs. 25 crores in our step subsidiary which is Om Metal Developer Private Limited.
- Pooja Shah:** Okay sir what are your plans with all the cash which has been generated from your real estate business, where you will be using this cash and where are you planning to deploy it? Any color on that?
- S. K. Jain:** In Kota and in Jaipur, those two projects are right now going on. In Kota one Om Meadows is going on for 6 lakhs square feet apartment. Again, in Jaipur Pallacia, there again 6 lakhs square feet apartment. So we are not very keen to get any leveraging in those two projects, we will be deploying those surpluses coming from Hyderabad and other projects into these two projects.
- Pooja Shah:** what is the timeline for those projects??
- S. K. Jain:** Which one?
- Pooja Shah:** Both Kota and Jaipur projects?
- S. K. Jain:** March 2019 is I think we shall be able to deliver both the projects.
- Moderator:** Thank you. Next, we have a follow up question from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** On the Mumbai project, I had just a clarification. Last time on the con call I think what we have heard was that we had already made some apartments done and now they were again going to break it up and again do it on a much higher height or something on those lines. And you said the construction will start in a year's time or how much time it will take? And will it come under RERA I think it will come under RERA so how does the financing work?
- Vikas Kothari:** So the construction that has happened is for the temporary transit camps. It is now almost about to get commissioned. The temporary transit camps is where we are going to shift the slum people into till the time the permanent buildings for them is completed on the same location where the

slums are existing. So that shifting is what I talked about just a few minutes ago where the shifting of slum dwellers will start post monsoon.

Post Monsoon, I think in the next six months we should be able to shift all the people because the temporary transit camps earlier we had made 400 temporary transit camps, now we have made almost 700 temporary transit camps. So the shifting of a fairly large portion of the slum can happen at one go itself. Earlier we had constructed ground plus two storied building now we have constructed ground plus four storey buildings. So naturally the foundation of temporary transit camp has been increased significantly so this allows us to expedite the project as well.

As far as your second question is concerned regarding RERA, yes, this project will come under RERA and therefore the financing and everything will be tied up. Fortunately for us, we have not started the booking or anything as yet. We have not taken revenues or anything as yet and we do not intend to do that also, until such time that we get all the principles and formal approvals in place. So I do not think that this going to be under question until the end of this financial year. We will complete all the ground work by the end of this financial year and then next financial year we will start the construction of the project.

Moderator: Thank you. The next question is from the line of Shikha Sharma who is an individual investor. Please go ahead.

Shikha Sharma: Sir, I just like to get a little bit of guidance with regards to our BoT project. So how are the current toll collections?

S. K. Jain: April and May we have seen a pretty good increase in the toll collections, we have clocked roughly more than Rs. 5 crores in these two months as against Rs. 4.5 crore in same two months last year.

Shikha Sharma: Are we expecting this run rate to continue or what would the future months be like?

S. K. Jain: No, this will continue as the traffic is going up there because of many industrial parks allotted there and the depot of IOC is also getting good momentum of traffic. We are hopeful that the turnover will be more than 15% up in this current year.

Shikha Sharma: Okay sir that is great. Sir, apart from that what about monetization with regards to the BOT projects, are we in process of finalizing anybody?

S. K. Jain: We have given mandate to good IB firms in India and we are targeting to sell if not 100% part of that equities taken in this company.

Shikha Sharma: So do we have a time horizon on this?

S. K. Jain: I cannot say that right now because the mandate is going on. The mandate is already alive right now. Right now, we are in the process of restructuring it under the RBI scheme of 525. So let this happen by July end and we will be hopeful that we can do this.

- Shikha Sharma:** Okay right sir. Sir, for both these projects do we have any outlook with regards to the valuation?
- S. K. Jain:** Valuation I cannot comment right now but yes, some hair cut we can be forced to take I am not sure how much we will take, maybe 5%, 10% maybe more I am not sure. But after the implementation of 525 scheme we will not be in a distress to sell this stake in the project. We will be continuing, after the ballooning of EMI and interest rate going down. So we are not very much in distress for the sale of this project.
- Shikha Sharma:** So basically, you are quite positive on this, right?
- S. K. Jain:** Yeah, turnover is going on and the principle and interest will be also very comfortable in next 17 years. I do not see any trouble in running that project.
- Moderator:** Thank you. The next question is from the line of Hitesh Jain from Apsara International. Please go ahead.
- Hitesh Jain:** Is there any possibility of de-merger in the near future?
- S. K. Jain:** Yeah, we can think of demerging our real estate business in near future by March 2019 or after that. But right now we have not yet decided anything because both the projects Bombay and Jaipur will give handsome revenue to the company in the next two years.
- Hitesh Jain:** Okay sir secondly, I wanted to know the status of our Africa project?
- S. K. Jain:** In Africa, we have taken one EPC project in Rwanda that is a \$15.5 million project and the construction has already started there. We will be completing this project by one and a half year.
- Hitesh Jain:** And in future are we likely to win any more projects in Africa?
- S. K. Jain:** Yeah definitely.
- Hitesh Jain:** Okay and can you give some detail about ONGC potential?
- S. K. Jain:** I would request Vikasji to put some light on this.
- Vikas Kothari:** I would just add to what Jain Ji has said that Africa all these countries offer enormous potential when it comes to our expertise which is infrastructure, water, irrigation etcetera so we have received the second order in fact from Rwanda the Rs. 16.5 million and we are also in the process of bidding for a couple of more projects which are totaling to almost \$20 million, \$30 million, \$40 million projects in each of these countries including Cambodia and other places. So we are quite positive and since this is not our first project in African region, we have learnt a lot and we know margins are quite attractive there for us to make it more aggressively. So Africa is totally in our radar. As far as the oil and gas is concerned we are bidding some projects, we are hopeful that in the next few months we should be able to bag at least one contract the same value contract.

Moderator: Thank you. The next question is from the line of Pooja Shah, who is an individual investor. Please go ahead.

Pooja Shah: Sir, my question is on the BOT project, I just wanted to know that if we had some toll collection loss because of the demonetization, so have we claimed that from the authority?

S. K. Jain: No, I will not say that it was a big loss because our turnover was Rs.6 lakhs per day in those days in November. We have almost lost Rs. 1.8 crore or Rs. 2 crores in this demonetization period and we have claimed this from PWD, Rajasthan. I am not sure they will reimburse the same but yes definitely we will be getting the concession period extended by the similar period.

Pooja Shah: Okay fair enough. And sir my question is on your margins which has dropped this year. So can you just throw some light? Is there any specific reason or just a one off?

S. K. Jain: There were three, four reasons behind this.

Vikas Kothari: Here we have had revenue coming from two large civil projects which is Sardar Sarovar and Rampur and typically the construction sequence and the payment terms are such that in the initial progress we get about 65% payment. So the payment is a little backend therefore we have had to spend a lot more than what we have received in terms of payment from these plants. So this is just a one off, because of the revenue that we have received from the two projects this is one reason for it. If you see that just on these two civil projects almost 50%, Rs. 51 crores and Rs. 46 crores almost Rs. 95 crores, Rs. 96 crores have come just from these two projects.

So that is one reason for this skewed percentage of net profit that we have had this quarter in this year. The other reason is that last year's profit had an exceptional profit from coming project where we received a claim from coming project which was approved. So therefore, the profit had shot up because of the payment of that additional claim that we have received from them. Now a part of that was supposed to come in this year also, but for some delay on the part of the client that has got deferred that is almost to the tune of Rs. 8 crores which we announced also that we have received accrual for this additional claim but that payment has not come in this quarter and therefore you have seen a sharp decline in the net profit but that is again one off and skewed only because of these two reasons that I am explaining.

Pooja Shah: Okay understood. Sir, can you just give some guidance or your outlook for the next year revenue and PAT, I mean what are your expectation for the next year?

Vikas Kothari: The order book itself is quite strong and our outstanding order book is standing at Rs. 860 crores is quite a strong order book and fortunately for us all these projects are at their peak of their execution. So the outstanding order book of Rs. 860 crores itself is going to contributed a significant portion in our revenue. And the back ended payment terms are also going to add significantly to our bottomline as well. Plus, there will be an addition of almost Rs. 8 crores, Rs. 9 crores from the extra item approvals, and payments, claims received. So my outlook is significant growth in both top line and bottomline for FY18 and FY19.

Moderator: Thank you.

Vikas Kothari: In the meanwhile, I will also further add to one of the questions that was asked initially regarding the sale of subsidiaries. I think one big misconception that happened on our stock was that we had sold the hotel at a very low value, this is only a company which is named as Om Kothari Hotels Private Limited, this is not the company which owns the hotel property which we have in Jaipur, so hotel property in Jaipur is not being sold as yet. We are looking for sale of that property but we have not found the right value or right offer in fact we have not even received an offer frankly so we have not been able to sell it.

So we are still open, we have put an ad in the Economic Times also seeking offers from buyers to take over our property as we want to exit non-core businesses. But we still have not received any response on any of the sale efforts that we have made. These are small company subsidiaries which we had incorporated for some reason or the other for example for bidding for projects or for acquiring a small office property or some office somewhere like there. So none of them have any significant operating business also. Therefore, and because you know we get a lot of complaints saying that we have too many subsidiaries, too many step-subidiaries. So it is better to clean up the structure and get rid of all the subsidiaries and step-subidiaries which are not needed for the running of the business. So that was the effort behind the sale and disposal of all the subsidiaries and step-subidiaries.

Moderator: Thank you. We have the next question from the line of Nitin Gandhi from KIFS Trade Capital. Please go ahead.

Nitin Gandhi: Sir, you said the order book is Rs. 860 crores and last year turnover was somewhere around Rs. 300 odd crores. So and majority is happening so can you be bit specific what is the order book average duration or how it is likely to be in FY18 and FY19?

Vikas Kothari: So this Rs. 860 crores outstanding order book will be executed over the next two to three years. So I am assuming that this year we should do at least about Rs. 300 odd crores in FY18 and Rs. 400 odd crores in FY19.

Nitin Gandhi: So FY18 is going to be more or less flat?

Vikas Kothari: Sorry, no I am talking about standalone numbers.

Nitin Gandhi: Okay standalone numbers.

Vikas Kothari: Yeah, from Rs. 237 crores is what we have done this year hope that this year in the most conservative time we should do at least Rs. 300 crores if not more.

Nitin Gandhi: So order book is of standalone?

Vikas Kothari: Order book is of standalone, yes.

- Nitin Gandhi:** Okay so can we have consolidated?
- Vikas Kothari:** Consolidated number will also rise because some of these orders are also consolidated we did about Rs. 300 crores this year, next year we will do Rs. 400 crores.
- Moderator:** Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Yeah, the silos revenues what is the expectation of silos revenues and why normally everything is in a joint venture?
- Vikas Kothari:** So what happens is there are pre-qualification requirements for every project, and every project is unique and has ten, twenty different conditions for pre-qualification. Now this is the uniqueness of this business that unless you are a company like L&T or unless you are a large construction company it is not possible for any company to meet 100% of the qualification criteria. For example, our company meets always meets all the financial conditions, but the technical conditions out of ten conditions we may be meet nine, where we do not meet one.
- But in government contracting business, unless you meet 100% even if you meet 99.9% they do not dilute their requirements and you tend to get disqualified, you do not meet 100%. So that is the reason why we form joint ventures. Now some of these are namesake joint ventures, some of these are you know technical joint ventures where the responsibility and onus of doing the work lies on us. So therefore, that is the background behind forming joint ventures.
- Tejas Shah:** What is the revenues that we are looking from these silos?
- S. K. Jain:** Rs. 12 crores per year from these four silo projects.
- Tejas Shah:** And what about the bottomline?
- S. K. Jain:** Our portion of revenue Rs. 12 crores per year so all these four silos put together.
- Tejas Shah:** And what will be the earning from this, this Rs. 12 crores is top line you are saying correct?
- S. K. Jain:** Earning will be roughly 10% to 12% after depreciation and after interest. In initial years interest will be high which will go down year by year. Overall IRR from the project will be 16% in thirty years.
- Tejas Shah:** There is a site called Petrowatch which basically states OM Metals is there and it is a one of the lowest bidders for some three sites or four sites I do not know.
- Siddharth Kothari:** No, we have bid for a project for drilling rigs in ONGC which is ONGC seeking to hire drilling services online drilling services for three years period. So we had formed a joint venture with very reputable and big company from China which is a drilling equipment manufacturing and services company. And where we hold 99% stake and they hold 1% stake. So just what I was explaining earlier and we had bid for this project and fortunately for us we have become L1 in

one of the jobs. That is going to be negotiated by ONGC and hopefully we should see the Letter of Award within the next two, three months.

- Tejas Shah:** Two to three months it will take?
- Siddharth Kothari:** Yeah that is the maximum I am expecting. Normally in government PSUs you can never be sure of how long it will take so we actually prefer to keep a little cushion.
- Tejas Shah:** How much of the revenue you might have clocked for Jaipur, how much revenue we have recognized for the Pallacia project you are saying it will get completed in next year. So any revenues that we have recognized?
- S. K. Jain:** In last three years from March 2015, 2016 and 2017 all the three years put together we have clocked Rs. 100 crores revenue.
- Tejas Shah:** Rs. 100 crores revenue?
- S. K. Jain:** Yeah, as per accounting standard linked to completion of project.
- Tejas Shah:** Okay but that is for the what do you say construction of a Pallacia project or sale of flats?
- S. K. Jain:** Sale of flats is directly linked to construction of project. As we progress into construction that portion we can book in revenue as per accounting standard. Suppose we have sold the units worth Rs. 191 crores and we have already achieved construction of 60% then we have clocked revenue of Rs. 100 crores. So that is the fundamental of booking the revenue.
- Tejas Shah:** Because that project also we are constructing for the consortium, if I am not wrong, correct?
- S. K. Jain:** No, I am not talking about the EPC contract I am talking about the unit sales of that company itself. I am giving you the revenue of that company which is building the project. As far as the EPC contract is concerned we at Om Metals we are an EPC contract for those construction there we have booked the revenue of almost Rs. 50 crores in last three years as EPC contractor.
- Tejas Shah:** So how much of the revenue recognition is still pending?
- S. K. Jain:** In unit sale, it is almost more than Rs. 600 crores in that company which is a subsidiary and as far as EPC contract is concerned almost Rs 120 crores.
- Tejas Shah:** Okay so this Rs. 600 crores you are saying by default it should come in two years' time because you are saying this will get completed by FY19?
- S. K. Jain:** Yes. The Rs. 600 crores will be coming as revenue from sale of units.
- Vikas Kothari:** The average market conditions in Jaipur in real estate in general are not very strong. So but fortunately for us this project is the most prime project and most talked about project in the city

of Jaipur and both high end project in the city of Jaipur, so we hope that we should not have very big challenges in terms of selling this project. We had of course stopped the sales in this project our sales voluntarily because there were these legal issues that we were facing. Now fortunately all those legal issues are past us and all the courts have given judgment in our favor, there is one which is pending which is also expected to come very soon maybe in a month or so which is also going to be a decision which is expected to come in our favor.

So even JD has own tribunal has given decision in our favor. So there is no legal hurdle in stopping the project and fortunately for us the construction is going on in full swing. As is always the case, the finished project in real estate commands much better interest from buyers than an under-construction project. It is always the case everywhere in the rest of the country. So we are also hoping that now that the project is seeing physical progress happening and next 18 months we should be able to complete the entire structure of the project, next 12 months in fact we should be able to complete the entire structure of the project.

Once people see the structure coming up and ready we will have to show case flats and everything there we will see a lot of traction on the sales, a lot of interest from buyers who are holding themselves back because of the legal issues. So as far as revenue visibility is concerned from this project we have so far got Rs. 100 crores in sales, the potential of this project is Rs. 700 crores in sales. So now that you know in the next few months next six months, eight months, nine months, twelve months people will see the project coming up very fast.

There will be lot of interest and the Rs 600 crores which is left to be recognized from this project alone is expected from the next two to three years because the project will also come up and there will be lot of interest from people also coming over there. We are quite bullish and quite positive that this project itself will give us a very big jump in our revenues in the forthcoming three years.

Tejas Shah: Okay another question was last time we had talked now you have got a lot of subsidiaries or division of businesses. Last time we had requested for a consolidated result also to be published along with a standalone. But that is not happening. Any particular reason?

S. K. Jain: We have already done this yesterday.

Tejas Shah: Which one that is because this quarter you have done because that would be an annual you have to publish, correct but quarterly you do not do it?

S. K. Jain: Yeah, quarterly we do not do it.

Tejas Shah: So, why we are asking is because is all your recognition does not show, we do not understand what is happening since there are a lot of subsidiaries and subsidiaries and then something will get booked in the consolidated then what happens is your run rate, margins for every quarter what the company is earning is not understood by the investors and that is why the price also

does not reflect the true value of it. Last time you had told that you will publish but it has not happened.

- S. K. Jain:** Okay this time in June we will try, this is not mandatory.
- Tejas Shah:** No, this is not try, see what happens we want commitment we do not want trying. Either you say yes, we will do it, or you say we will not do it.
- S. K. Jain:** In June since Ind-AS is happening in the company as a listed company and more than Rs. 500 crores network, we will have to do this in June we are going with your request.
- Tejas Shah:** Because see what happens is let us say in packaging business if you look at yearly margins, that is less. If you look at quarterly margins, it is high. I have seen your balance sheet in which yearly turnover from packaging is X but margin is only I think some 4%, 5%?
- S. K. Jain:** No, it is approximately 10%.
- Tejas Shah:** I will have to recheck. I will come back to you with the exact figure. I will have to open the site.
- S. K. Jain:** Rs. 2.3 crore is the profit we have shown in packaging business.
- Tejas Shah:** No, the total yearly volume is what, your yearly turnover?
- S. K. Jain:** Rs. 23 crores, Rs. 24 crores approximately.
- Tejas Shah:** I will come back what I want is basically what happens is we do not understand what is the recognition from your property, what is the recognition from your packaging and your other things. First silos will also come up, other things will also come up. So if you publish consolidated so we understand what is happening what.
- Vikas Kothari:** We absolutely appreciate your concern and I assure you that we will make it happen in June quarter.
- Tejas Shah:** What happens is the prices are not moving up. It keeps your prices stagnant. Unless and until everybody understands what is happening your price will not move up.
- Vikas Kothari:** Correct, absolutely.
- Moderator:** Thank you. As there are no further questions, I would like to hand the conference back to the management for any closing comments.
- Vikas Kothari:** So as I have spoken earlier we are quite happy to announce that our engineering revenues have been stronger and our margins are as always very strong. This quarter and this year drop in margins I have already explained earlier. But you will see a significant jump in the margins and profits in FY18 and FY19 because of the reasons I explained earlier in my call. One is because

of the terms of payment being back ended and that execution also taking place and the other is also the significant payments that we are going to receive and that will add significantly at our bottom-line for FY18.

Other than that revenue visibility also has given an outlook on that. From our existing order book itself we will have a significant growth. Let alone, the new projects that we will add over and above the existing order book. We are hoping to get an entry into the oil and gas segment very soon. Our real estate sales will pick up from here because the construction is going to be completed. So therefore, there will be a lot of interest from buyers. So I think things are quite positive for FY18, FY19 and FY20.

Siddharth Kothari:

Thank you everyone for participating on the earnings call and we have uploaded the presentation on the company's website and also on the NSE and BSE websites. So if anyone has any further queries, please feel free to get in touch with us or the Strategic Growth Advisors. And thank you very much for your participation.

Moderator:

Thank you. On behalf of OM Metals Infracore, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.