



“Om Metals Infraprojects Ltd Q2FY10 Earnings
Conference Call”

November 04, 2009



MODERATORS: MR. S K JAIN – CFO, OM METALS INFRAPROJECTS LTD

Moderator: Ladies and gentlemen good evening, I am Marina, the moderator for the conference. Welcome to the conference call of Om Metals Infracore Limited to discuss the Q2FY10 results. Today, we have with us Mr. SK. Jain, Chief Financial Officer of Om Metals Infracore Limited. As a reminder, all participants will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of the presentation. If you need assistance during this conference call, please signal an operator by pressing “*” then ‘0’ on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to turn the conference over to Mr. SK Jain. Thank you and over to you Mr. Jain.

S K Jain: Thank you. This is S K Jain, CFO of Om Metals Infracore Limited, a Delhi based company. We have been doing business since last 40 years. We have incorporated in the year 1971 as a limited company. We are primarily in the heavy engineering sector. We are doing turn-key solutions for hydro-mechanical equipments for hydro and irrigation projects. Any particular hydro power project requires three major components, one is civil structure, second is hydro-mechanical equipments and third is electromechanical equipments.

Civil structures constitute for more than 70% of any hydro power project, electromechanical roughly 12% and hydro-mechanical roughly 5% to 6%. We are pioneers in doing turn-key solutions for hydro-mechanical equipments for any project. In the last 40 years, we have done almost 50 projects in India and abroad and we are present in almost all the states in India. Also in the last three years, we have done projects in Vietnam, Nepal, and Bhutan. As on today, we can boast up that we are the number one company in the world having an order book of roughly Rs.700 crore. Apart from China, there is no other company in India close to our line of business. We have also diversified in to real estate sector in the last couple of years because in last 10 years we acquired land from internal accruals of our company.

Today, our top line is \$25 million and bottom line is \$4 to \$5 million. The expected growth is roughly 30% year to year and we are sure to achieve a turnover of \$50 million in next two years. We are also doing real estate projects like IT parks, commercials, residential complexes, SEZ and port. We are going to construct 2 million square feet in the next three to four years that will generate additional revenue of \$150 million.

Presently, we are doing 11 projects in India and those are roughly 3100 MW of hydropower generation. We are also doing irrigation projects for which we are doing hydro-mechanical equipments. The business potential for the company identified in India is 1,48,000 MW in the next 12 to 13 years. Out of this only, 31,000 MW is being currently used by hydropower generation and 110,000 MW is still untapped. Any particular hydro project for one MW costs Rs. 50 million , so roughly, if you say that we have the market share of 30% to 40%, there is an opportunity of \$2 billion work lying ahead for us in next 10 years. In this way, we can safely assume that we are likely to grow at the speed of 30% to 40% per year. Right now, our order book is seven times of our present top line, which we have to execute in next two to three years, so we can say that we are going to do \$50 million work in next two to three years. And our bottom line will be \$8 million to \$9 million dollar for next couple of years. In India

roughly 38,000 MW will be generated out of 38 projects in next 10 years, by two to three major sponsors like NHPC, NTPC, NEEPCO and State Electricity Boards. If not all, we are confident to acquire 30% to 40% projects out of the 38 projects and we can safely say that we are going to have a large share of this segment in next 10 years. The consolidated top line and bottom line in the next five years, we can assume that we will have \$125 million of revenue in next four years. Thank you.

Moderator: Thank you very much sir. Can we begin the question and answer session?

S K Jain: Yeah.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. At this time if you would like to ask a question please press “*” and then “1” on your touchtone phone. If you decide you want to withdraw your question from the questioning queue, you may press “*” and then 2. Participants are requested to use only handsets while asking a question. The first question is from Nirav Vasa from Gupta Equities. Please go ahead.

Nirav Vasa: Sir, you just informed that you have an exhibition period of approximately 2 to 3 years, can you be a bit more precise in that? I believe this order book is only of engineering business.

S K Jain: Yeah.

Nirav Vasa: Can you be a more precise in this.

S K Jain: We have order book of Rs. 700 crore right now. Any particular project has to be completed in 3 to 4 years. One year has already been completed, so we will have to complete all the projects in next 2 and 2½ years.

Nirav Vasa: And sir, what was the quantum of orders that was bagged in last quarter?

S K Jain: Nothing.

Nirav Vasa: And sir, this Rs.700 crore order book that you have, what was the quarter book in September ended quarter last year?

S K Jain: September ended quarter last year it was Rs.600 crore. Rs.100 crore we have added from Andhra Pradesh. So Rs.600 plus 100 is 700 crore and out of these Rs.700 crore we have already exhibited Rs.100 crore in this 8 months.

Nirav Vasa: I just want to know say for example, September ended quarter, your FY10, as of now, it's 700 crore, right?

S K Jain: Yeah.

Nirav Vasa: In the September ended quarter last year, what was it, was it Rs.600 crore?

S K Jain: That time you can say 700 crore, so 700 minus 100 plus 100.

Nirav Vasa: So it was flat?

S K Jain: Yeah. We did Rs.100 crore turnover booking and we did additional order book of 100 crore, so we are at the same level.

Nirav Vasa: So it is flat, right?

S K Jain: Yeah.

Nirav Vasa: And what, is this order book with some kind of escalation clause?

S K Jain: Yeah all the projects have escalation clause for steel, raw material, oil and fuel, so this escalation clause amount I am not going to add in this 700 crore. There will be additional generation of 80-90 crore.

Nirav Vasa: Okay sir. Thank you very much.

Moderator: Thank you Mr. Vasa. Next question is from Jignesh Kamani from MF Global. Please go ahead.

Jignesh Kamani: Just to get more clarity on the Rs.700 crore order book, what percentage we are trying to execute in a FY10 and what percentage we are trying to execute within FY11?

S K Jain: Roughly 20% in FY10.

Jignesh Kamani: So close to around 140 crore.

S K Jain: Yeah, FY11 will be 30%.And FY12 will be 40%-45%.

Jignesh Kamani: Okay. And sir projected price how much CAPEX we are trying to incur on equipment?

S K Jain: Not more, then Rs.15 crore. We have already done maximum CAPEX in the last year.

Jignesh Kamani: What kind of incremental working capital we will require for this?

S K Jain: Working capital is negative because as soon as we get the order we get 20% advance from the project authority. In our company, we have a negative working capital cycle.

Jignesh Kamani: Okay. It will continue in FY10-11?

S K Jain: Yeah, for only bidding, we need the working capital for giving bank guarantee or giving any EMD. So that's why there is working capital requirement.

Jignesh Kamani: Okay. And what is current debt in the books?

- S K Jain:** Debt as on today is at Rs.30 crore.
- Jignesh Kamani:** So there won't be much increment in FY10.
- S K Jain:** There will be lowering down from here.
- Jignesh Kamani:** Okay. And sir, can you throw some light on the real estate development?
- S K Jain:** We have acquired 5 good land banks in last 4-5 years.
- Jignesh Kamani:** So what would be total area of that land bank?
- S K Jain:** Total area of the land bank, if we include SEZ in Pondicherry it is 890 acres. Apart from SEZ it is 40 acres. In this 40 acres, these are all prime projects in Bandra, Hyderabad, Jaipur, Kota, and Faridabad. In all the five projects, we are going to build 20 Lac square feet in next four to five years. And right now I am not considering the Pondicherry port and SEZ, because both these projects are under clearance stage from different government authorities. I am not taking any projections and consideration right now. But these 20 Lac square feet is going to come in the next four to five years and all will be completed by 2012 or 2013.
- Jignesh Kamani:** And when this land was acquired?
- S K Jain:** Out of 890, 850 is Pondicherry Port and SEZ which we acquired in 2007. Balance 40 acre was acquired in the last few years.
- Jignesh Kamani:** So any rough idea, total acquisition cost of entire 900 acres?
- S K Jain:** Pondicherry port and SEZ are PPP basis, so there is no acquisition cost. This has been given to us by the Pondicherry government and balance 40 acres land, the acquisition was at roughly of Rs.150 crore.
- Jignesh Kamani:** Okay sir, thanks.
- Moderator:** Thank you Mr. Kamani. Next question is from Amber Singhania from Sunidhi Securities. Please go ahead.
- Amber Singhania:** I just wanted to know on the segment reporting like on EBIT of our engineering business margin is coming down to 19.1% from 25.7% last year and 22.8% last quarter.
- S K Jain:** Because of tax outlay.
- Amber Singhania:** How much was the tax last year, how much is it this year?
- S K Jain:** Earlier we were completely in the MAT provision because all the projects were in hilly areas and we were getting 80 IA benefit. Right now, the recent amendment has withdrawn the 80 IA

benefits from the projects, so we are not availing any benefit right now, and so now we are coming under regular tax provisions.

Amber Singhania: Yeah, but I am talking about the segment EBIT, this is before the tax.

S K Jain: Okay. In this particular quarter we have done majority of trading items, we have imported hydraulic cylinders and have supplied to the projects at the cost plus minimum profit. So that's why profit is looking down this quarter, but overall at the end of the year we will find the same profit.

Amber Singhania: What will be the stabilized or averaged margin you were looking on EBIT in terms of engineering business?

S K Jain: 30% is very safe.

Amber Singhania: Okay, because FY09, overall we did around 22% and FY08 was 30, so you are expecting to get back...

S K Jain: Yeah FY10 will be around 28% to 30%.

Amber Singhania: On an average level?

S K Jain: Yeah.

Amber Singhania: Okay. And sir, on this real estate we have booked a substantial number in this quarter, how much more project is still there which is already commissioned and which is there yet to be booked?

S K Jain: In this particular year, next five to six months, we will only complete the remaining portion of the Kota project, where we have already earned Rs.23 crore turn over last year. So this project will again add Rs.8-10 crore in this year. Next year, we don't have any such project in lineup until and unless we do bargain of land and we negotiate on a land deal with any new developer.

Amber Singhania: From Kota project, Rs.8-10 crore of revenue is yet to be booked which will come in this quarter?

S K Jain: Yeah in this next five to six months and there the cost is minimum.

Amber Singhania: Okay. I believe that we have a good amount of cash also, what is the cash in the books right now, consolidated as well standalone?

S K Jain: Right now, it's Rs.80 crore.

Amber Singhania: And this debt is Rs.30 crore consolidated?

- S K Jain:** Yeah consolidated.
- Amber Singhania:** This is a gross debt, right?
- S K Jain:** Yeah gross debt.
- Amber Singhania:** So we have a net cash position of Rs.50 crore?
- S K Jain:** Yes, yes.
- Amber Singhania:** Okay, thank you sir.
- Moderator:** Thank you Mr. Singhania. We have a follow-up question from Nirav Vasa from Gupta Equities. Please go ahead.
- Nirav Vasa:** Sir, you just informed that your plans of developing 20 Lac sq. feet , if I just exclude the SEZ part of it, what would be the cost of developing this land, a ballpark figure can you give us?
- S K Jain:** For 20 Lac sq. feet?
- Nirav Vasa:** Yes.
- S K Jain:** Roughly, Rs.300 crore.
- Nirav Vasa:** And if I include this SEZ, you must have done some kind of calculation while bidding for that, so can you throw some light that in case if this SEZ approval is achieved what would be the proposed CAPEX of developing that port?
- S K Jain:** For developing port, it will be roughly be Rs.100 crore, out of Rs100 crore, we will be partnering with Subhash Project, who are already 50% partner. And in SEZ, we don't require any cash outlay, because we have already roped in urban infrastructure fund as a strategic investor. So they were roped in at the valuation of Rs.300 crore. They have already put in Rs.53 crore and balance Rs.80 crore is yet to come. So that will suffice the project cost.
- Nirav Vasa:** So if I were to say that total cost of developing this Pondicherry SEZ that you have would be approximately Rs.400 crore?
- S K Jain:** Yes true.
- Nirav Vasa:** Rs.400 crore out of that Rs.100 crore would be from your pocket?
- S K Jain:** No, this is port, I am talking about Pondicherry Port. Pondicherry Port, they will roughly Rs.500 crore total outlay, out of that, Rs.100-125 crore will be ours, balance will be debt.
- Nirav Vasa:** Okay.

- S K Jain:** Balance will be debt or if any strategic partner investor comes in then we will rope in him. In SEZ, there will be total outlay of Rs.600 crore, out of this Rs.140 crore is already in the pipeline, balance will be coming from revenue generation from booking advances.
- Nirav Vasa:** Okay, sir, thank you very much.
- Moderator:** Thank you Mr. Vasa. Next question is from Ravindranath Naik of Systematix Shares. Please go ahead.
- Ravindranath Naik:** Just to get a sense on your real estate projects, you said that the total developing cost would be Rs.300 crore. And you said that 20 Lac sq. feet is to be developed from your side. So, net how much as developer, what is your interest, we will accrue from this development. So sir, you may say it from a profitability point of view or you may say it from a cash outlay point of view.
- S K Jain:** In all the projects, suppose if not in all, two or three projects we will do on a development basis with some renowned players.
- Ravindranath Naik:** Which are the projects?
- S K Jain:** Projects like Hyderabad, Bandra, Jaipur, Kota, Faridabad. It's not all, two or three projects we will do on development basis and others we will rope in some good developers like Raheja or Unitech or DLF anyone in any particular project and he will develop the land on behalf of us and we will have a revenue sharing. So we will put in our land as equity, he will put in the construction cost for the development of the project and we will share on the basis of total cost outlay.
- Ravindranath Naik:** Okay. Sir, whether real estate is going to be a strategic investment and you want to grow in this business?
- S K Jain:** No, not necessarily, until and unless we make this engineering company so big that we can hive off the real estate company from this then we will think of making that company big, until and unless that happens we don't want to focus on real estate projects.
- Ravindranath Naik:** Okay. Same is the case with multiplex and hotel business.
- S K Jain:** Yeah it is not a business, they are standalone assets, which we acquired in 80s. We have just built up two properties as our landmark project. We are not going to do any or same business of this hotel and mutiplex.
- Ravindranath Naik:** Okay. Sir, you mean to say that, you mentioned that \$50 million you are looking as a turnover, is it on a consolidated basis?
- S K Jain:** \$50 million turnover only from engineering projects.

- Ravindranath Naik:** So you are looking at consolidated business of around \$50 million from the engineering business itself. That translates into around Rs.200 - 250 crore. So your total turnover is around from engineering business is around Rs.70-80 crore in FY09, it may go up to Rs.100 crore this year.
- S K Jain:** No it will be Rs.150 crore this year. And next year it will be Rs.250 crore.
- Ravindranath Naik:** What is your target to have in the engineering business in the next 4-5 years?
- S K Jain:** The 38,000 MW potential has already been identified by the Government of India.
- Ravindranath Naik:** No, no, I want to know what is your estimate to see the company in next five years.
- S K Jain:** That is what I am saying, let me complete, 38,000 MW has to be done in next 10 years by Government of India. If I translate it per MW Rs.6 crore then the total is Rs. 25,000 crore and particular hydropower project has 5%-6% as a hydromechanic component. So there is up to 10,000 crore market for these hydro mechanical equipments. So we can say that if we have 40% or 50% of market share, then we will get a handsome win of Rs.5000 crore in next 10 years.
- Ravindranath Naik:** Okay. You are taking in consideration the competition that is going to come from the other players, you are considering that also.
- S K Jain:** Yeah I am considering that also. Right now we have 70% market share, but I am conservatively looking at only 50% of market share. Even that is there then we are safe to receive business of Rs.4000 crore.
- Ravindranath Naik:** Okay. So you mean to say that, you will exit completely from the real estate business and when you will completely exit from the real estate business, if it is at all not a strategic investment for you?
- S K Jain:** Right now, we have cash availability of Rs.80 crore in the books and we are safe to have further leveraging of Rs.150 crore from the banks. So that Rs.230 crore is clearly available with us, which we can invest in any good project or any good company acquisition. If that happens, we acquire any company then our turnover will boost to Rs.700-800 crore then we will think of hiving off the real estate business then making this business to grow as big as this business in next two to three years, but that will happen only if we make, if we click any deal of acquiring any good company in this company.
- Ravindranath Naik:** Okay. Tell me one thing, you have said that you are planning to acquire a company, and if we exit from all strategic businesses, this opportunity business, hotel, multiplex and real estate, what is the cash available, say for, when you are planning to acquire the company, what cash will be available with the company, so that really goes on how big acquisition you are looking at going ahead?

- S K Jain:** Right now, we have Rs.80 crore clear-cut balance in books, Rs.150 crore we have already lined up for cash debt from banks. So this Rs.230 crore is right now available with us.
- Ravindranath Naik:** Okay, no I am talking about the real estate, when you will exit, how much cash will be available or how much resources will be available from an equity point, I am talking about equity point of view, so that you will plan an acquisition, how big acquisition you are planning?
- S K Jain:** We are planning acquisition of where we can invest Rs.200 crore. So that acquisition, will give us suppose, a revenue generation of Rs.700 crore. Then our engineering business is sufficiently big, then we will hive off the real estate business to another company and then we will make that company grow.
- Ravindranath Naik:** Okay. Even to say this Rs.200 crore acquisition planning, what kind of acquisition, what kind of...?
- S K Jain:** Either forward integration or backward integration or any good potential business.
- Ravindranath Naik:** Okay, backward integration in the sense fabrication, you just mentioned that you don't require any equity or CAPEX for this sort of, and I understand that your business is just not that CAPEX oriented. So what kind of backward integration you are looking at?
- S K Jain:** That we can also have a company who are manufacturing electromechanical components. So suppose, we are doing both the equipment and we will have a 20% share of any dam, simultaneously if we have all say a civil company, then we independently can bid for a big project of dam, independently without any collaboration. So that's our mindset in next two to three years, let's see what happens.
- Ravindranath Naik:** Okay. Basically we are looking at EPC contractor, EPC business in a bigger way, so that we can grow faster?
- S K Jain:** Yes.
- Ravindranath Naik:** Okay it is not a backward integration, it is just one kind of diversification from your own business of engineering business Right?
- S K Jain:** Yeah.
- Ravindranath Naik:** Okay, thank you.
- Moderator:** Thank you Mr. Naik. We have a follow-up question from Mr. Amber Singhania from Sunidhi Securities. Please go ahead.
- Amber Singhania:** Sir, I wanted to know at what stages our SEZ port, Pondicherry Port and Pondicherry SEZ as well as Bandra SRA projects are in respectively?

- S K Jain:** Pondicherry Port is in the stage of environment clearance that is still awaited. Pondicherry SEZ is under the notification at least from Government of India from Ministry of Commerce. This is again a matter of 2-3 months. And Bandra SRA project, we have already achieved the coastal regulation zone approval and we are awaiting the approval of Slum Regulation Authority, after that we will start the project.
- Amber Singhania:** By when we are planning to start this Bandra SRA sir?
- S K Jain:** I think by March, very safely March, if not January.
- Amber Singhania:** So March we would be achieving the financial closure for all the things or how is that?
- S K Jain:** Yeah we have already done the financial closure for Bandra Project.
- Amber Singhania:** Already done it?
- S K Jain:** Yeah Rs.130 crore are already sanctioned by the banks.
- Amber Singhania:** Okay. Which banks you have tied up for this sir?
- S K Jain:** SBBJ, State Bank of Mysore, Bank of Baroda, and State Bank of Patiala.
- Amber Singhania:** And what about this SEZ you are saying 2-3 months it will take, 2-3 months for financial closure?
- S K Jain:** For notification from Ministry of Commerce, Government of India.
- Amber Singhania:** So how much time it will take to reach towards the financial closure?
- S K Jain:** I think two year.
- Amber Singhania:** And what about the port?
- S K Jain:** Port will again take 2 year, because after environment clearance we will have so many clearances then after we will start project.
- Amber Singhania:** So the first major project which will come that is Bandra SRA now.
- S K Jain:** Yeah.
- Amber Singhania:** Okay, thank you sir.
- Moderator:** Thank you Mr. Singhania. Next question is from Jignesh Kamani from MF Global. Please go ahead.

- Jignesh Kamani:** Can you throw some light on the investment in the various real estate projects which we are planning to make in four years, project wise?
- S K Jain:** Real estate we have one project in Bandra, where we have already put Rs.130 crore as a consortium. We have consortium of five members in this project. And our share is 35%. We have already put in our share of Rs.35 crore. And we have also lined up financial closure from banks for Rs.130 crore. If the project starts we will not require equity for SEZ. We will complete the project from the government, from the bank loan and from the booking advances.
- Jignesh Kamani:** Total project cost of Bandra would be?
- S K Jain:** This Bandra project?
- Jignesh Kamani:** Yeah.
- S K Jain:** The Bandra project cost you can safely assume Rs.100 crore more, Rs.130 crore is the land.
- Jignesh Kamani:** Okay, so Rs.230 crore.
- S K Jain:** Yeah.
- Jignesh Kamani:** Okay. So we are already tied up in terms of our equity part.
- S K Jain:** Yeah. Our equity part is already over.
- Jignesh Kamani:** Okay. And any other project?
- S K Jain:** In Hyderabad project, we have purchased the land of 10 acres, we have already invested in the land. We are negotiating with some good players for development agreement, they will build the area and give us 20% or 30% share of revenues, post construction area.
- Jignesh Kamani:** Our share will be 20%-30%?
- S K Jain:** Yeah.
- Jignesh Kamani:** Okay. So that investment when we require any idea?
- S K Jain:** No, no investment is required. We have already put in Rs.20 crore from our side. Apart from this, there is the Jaipur project where we have acquired 216 acres land and we have already put in Rs15 crore from our side. That project is little bit under litigation under Supreme Court of India and that next date would be December. If that clears, then we will either rope in some good developers there or we will do financial closure for that project.
- Jignesh Kamani:** Okay. And what kind of investment will be required in this Jaipur project?

- S K Jain:** In this Jaipur project, roughly 12 Lac sq. feet will be there and total Rs.120 crore will be construction cost, so I don't think we will require any fresh equity from our side, all will be done from advances and bank loans.
- Jignesh Kamani:** Okay. So these are the three projects we are trying to come in, I mean say you are trying to invest in two or three years.
- S K Jain:** Another one is Faridabad where we are coming up with a corporate park of 4 Lac sq. feet, there also the same cost, either we will rope in some good developers or we will have some advance booking from customers. In all projects put together, I don't see we will require any further equity from our side.
- Jignesh Kamani:** Okay. Whenever you said this we have equity, it'd be developer or we will require some expertise from outside to construct and develop?
- S K Jain:** In which project?
- Jignesh Kamani:** No, sir, if we have the equity available, do we have the expertise to construct and develop the project?
- S K Jain:** Yeah, we have the expertise, we have already constructed 4 Lac sq. feet in Kota, independently we have completed the project and we are going to hand over the possession by March '10 to all the buyers.
- Jignesh Kamani:** Okay. Thanks a lot.
- Moderator:** Thank you Mr. Kamani. Next question is from Mr. Nirav Vasa from Gupta Equities. Please go ahead.
- Nirav Vasa:** Sir in your engineering business, who are your major competitors?
- S K Jain:** KK Birla Group, Texmaco this is Indian company whose our major competitor.
- Nirav Vasa:** Okay.
- S K Jain:** Other foreign companies like DSD Noell, V- Tech these are two-three players who are coming up in big way in India. But their expertise or their qualification is not as big as we have, so I don't think that they will compete in all the projects with us. Secondly, their over heads are much higher than us, so they almost remain 20% or 30% higher in terms of price quoting when we bid for project.
- Nirav Vasa:** Sir, and I believe when you are bidding for Government of India project, there are some kind of prequalification necessities which are there. Do you think you have competitors apart from Texmaco, are able to fit in that regulatory guidelines?

- S K Jain:** If not in all the projects, in small projects, about say 500 MW they fit in, for big projects, they might drop in either us or Texmaco or any big foreign company.
- Nirav Vasa:** Sir, but are you planning to have some kind of joint venture with some big civil engineering companies?
- S K Jain:** We have already done one joint venture with civil engineering company SEW Ltd. of Hyderabad. There we have bid for 3% of project and then we have bagged the project.
- Nirav Vasa:** So you have already bagged that, so is that amount already included in the Rs.700 crore?
- S K Jain:** Yeah.
- Nirav Vasa:** So can we say that now you are slowly from engineering business that you have, as of now you are only active in the 5% of the plant, slowly you are expanding in both 70% as well as 12%.
- S K Jain:** Yeah that's our main target.
- Nirav Vasa:** Okay sir, thank you.
- Moderator:** Thank you Mr. Vasa. Next question is from Mr. Ravindranath Naik from Systematix Shares. Please go ahead.
- Ravindranath Naik:** Sir, can you please tell me what is your expected realization from these real estate projects and in Hyderabad, Jaipur and Faridabad, what is your expectation of getting because, I understand from your statement, you will be exiting from this business in the near future and you have plans to grow big in engineering business.
- S K Jain:** Yeah.
- Ravindranath Naik:** So can you please tell me, what is the expected realisation from all these projects? You said that you have equity investment in various projects, taking into consideration, your share of business. Can you please elaborate little bit on that?
- S K Jain:** Apart from Bandra, which is a high ticket project where we can safely assume 20,000 per sq. feet revenue. All other projects are in the same hovering level of around Rs.2000-4000 per sq. feet. So 19 Lac sq. feet is all the projects put together, plus 1 Lac is Bandra. I am talking about only our share. So 1 Lac sq. feet of Bandra if you consider Rs.20,000 per sq. feet then it's Rs.200 crore. And 19 Lac sq ft is multiplied by Rs.3000 is Rs.570 crore.
- Ravindranath Naik:** Well it's Rs.200 crore from Bandra only?
- S K Jain:** Yeah for our share.
- Ravindranath Naik:** Okay. And from Hyderabad?

- S K Jain:** Hyderabad our share is say again 2 Lac sq. feet so 2 Lac sq. feet multiplied by Rs.3000, Jaipur our share is 6 Lac sq. feet multiplied by Rs.3000 and Faridabad 2 Lac sq. feet multiplied by Rs.4000. From all these projects, we can safely assume that Rs.700-800 crore will be revenue generation.
- Ravindranath Naik:** Okay.
- S K Jain:** Out of this if we assume 40% is the profit, i.e 300 crore.
- Ravindranath Naik:** Okay. So you meant to say Rs.700 crore, you are looking at some business sources by exiting from this business in two to three years time.
- S K Jain:** I cannot really say that we will exit from this business, yeah we will hive off this business once we achieve a greater level in engineering business. Then we will expand this real estate business if the opportunity comes, but we are opportunistic you can say that we are not bidding for any project, we are doing only very potential and very lucrative projects.
- Ravindranath Naik:** Okay. Sir, also that acquisition, have you targeted anything in the domestic level?
- S K Jain:** We are talking to two-three consultants and companies. The negotiations are going on, development is going on, let's hope for the best. But we are sure that we will do pretty good negotiation and bargain in the next two-three months.
- Ravindranath Naik:** So you mentioned that Rs.200 crore acquisition. So should we expect it will go through in this year or it will go through in the next year?
- S K Jain:** I cannot comment but we are endeavoring for achieving this, it can happen anytime.
- Ravindranath Naik:** Okay. can we assume that this Rs.700-800 crore will be accrued in three-four years time,?
- S K Jain:** Yeah three years.
- Ravindranath Naik:** Okay, thank you.
- Moderator:** Thank you Mr. Naik. There are no further questions from the participants at this time. Mr. Jain, would you like to add a few closing comments?
- S K Jain:** Yeah I am very much glad that people have interacted in a really smart way, they have asked very good questions and I hope I have clarified all the questions to the best of their satisfaction. I again welcome their questions or any information they require on my mail id skjain@ommetals.com, I would be glad to reply all of their queries as soon as possible. Thank you.

Moderator: Thank you very much Mr. Jain. Ladies and gentlemen, thank you for choosing the Chorus Call Conferencing facility. Thank you for your participation and you may now disconnect your lines. Thank you.