



“Sadbhav Engineering Limited’s Q2FY13 Earnings Conference Call”

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**MANAGEMENT: MR. NITIN PATEL – WHOLETIME DIRECTOR, SADBHAV
ENGINEERING LIMITED**

Moderator:

Ladies and gentlemen good day and welcome to the Sadbhav Engineering Limited's Q2FY13 earnings conference call hosted by Inga Capital Private Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing * followed by 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand over the conference to Mr. Nitin Patel, Executive Director of Sadbhav Engineering Limited. Thank you and over to you sir.

Nitin Patel:

Thank you. Good evening everybody. On behalf of Sadbhav Engineering Limited, I warmly welcome all the participants who have taken their valuable time for this Q2FY13 earnings conference call.

Let me start with the summary of this quarter standalone financials. Revenue for the quarter was 334.54 crores as against 430.42 crores in Q2FY12. EBITDA for the quarter was 31.41 crores as against 51.48 crores in Q2FY12. Profit after tax for the quarter was 6.39 crores as against 18.14 crores in Q2FY12. EBITDA margin for the quarter stood at 9.6% as against 11.9% in the same period of the previous year. Now let me give the revenue mix for the current quarter. Revenue from transport sector amounted to Rs. 250.80 crores, out of which revenue from BOT projects contributed 198.32 crores and cash contracts were Rs. 52.48 crores. Revenue from irrigation amounted to Rs. 39.94 crores and revenue from mining amounted to Rs. 41.70 crores and revenue from power generation amounted to 2.10 crores. Contribution to total revenue from mining and irrigation segment has been doubled to approximately 25 in this quarter versus 13% in the same quarter of the last year.

Order book status is as follows. Transport sector total order book 5584 crores which is 70.3% of the total order book of the company as of date actually, out of which BOT order book is 3289 crores and cash contract order book is 2295 crores. Order book for mining sector stands at 889 crores and order book for irrigation stands at 1474 crores, total of all the three sector is 7947 crores, this is the total status of order book as of now.

Now the major development since July 2012 whereas under, the company has been declared successful bidder L1 for the following project in respect of which bid was invited by Sardar Sarovar Narmada Nigam Limited Gandhinagar Gujarat for contract value of 43.79 crores. Apart from this, another Vallabhipur branch canal, the company has also been declared L1 for 5 projects of the same Sardar Sarovar Narmada Nigam Limited for a total contract value of 378.28 crores. Company has been declared as the successful bidder in respect of the bid invited by NHAI for the project of Rajsamand to Bhilwara section of NH 758 of phase IV NHDP in the state of Rajasthan on a BOT toll basis. The estimated total cost of development of the said projects stands at 720 crores, this is the Rajsamand-Bhilwara. The concession period for the project is 30 years from appointed date. The company is eligible for a grant of 266.40 crores which is 39.30% of the standard project cost of NHAI. Further development is the financial

closure for Udaipur-Shreenathji has been achieved and all the documents duly signed by the lenders of the projects have been submitted to NHAI, post NHAI approval for these documents. Apart from this sanction letter from lenders of Solapur-Bijapur project has been received and financing documents have been submitted to NHAI for approval, also the commercial operation date for 100% of the project length of Hyderabad-Yadgiri project has been received by the company. However the fee validation letter from NHAI is awaited. So the toll for 100% of project length of Hyderabad-Yadgiri will be started immediately after the receipt of fee validation letter. Apart from this COD for Savner check post has been issued by independent consultant of the project for the 22 Maharashtra border check post.

Now the performance of operating BOT projects is as under, the total income for the quarter stood at 17.82 crores as against 18.25 crores achieved in the previous year. The average toll collection for a day stood at 18 lakhs per day. The PCU has reduced by 4.6% with average daily PCU at 84,198 units, this is for Ahmadabad Ring road. Aurangabad Jalna total revenue for the quarter stood at 6.52 crores as against 6.16 crores achieved in the previous year. Average toll collection per day stood at 7.2 lakhs and PCU has been increased by 5.1% with average daily PCU of 27,940 units. For Bijapur-Hungund, the total income for the quarter stood at 24.23 crores with daily collection of approximate Rs. 25.29 lakhs. Average daily PCU for this quarter stood at approximately 40,378 units.

The status of other BOT projects is as under, Hyderabad-Yadgiri as I have already informed we have already completed work to the extent of 383 crores till the end of September 2012. The balance outstanding work is approximately 16 crores which is the area where the land has not been given by NHAI and pending which they have agreed to issue and already issued the COD for the entire project. The date drawdown till September 12 in Hyderabad-Yadgiri is 318 crores and the average rate of interest is 10.10% for the SPV. COD for 100% project length has been declared by NHAI and as I mentioned toll will start upon receipt of fee validation letter from NHAI. For Maharashtra border check post, we have already completed work till date to the extent of 619 crores and the balance outstanding work is 514 crores, total debt drawdown till September 2012 is 685 crores and the average rate of interest in Maharashtra border check post is 12.5%. Acchad check post of NH 8 has been made operational by Department of Transport with effect from 9th August 2012. Also COD for Savner has been issued by independent consultant of the project. The work at Mandrup check post NH13 has been completed in full and COD is expected during next week. Revenue for all these three check post will be started immediately upon the receipt of service fee notification from government of Maharashtra. Now the Dhule-Palesner, COD including for developed section has been issued by NHAI on November 2, 2012. Toll for developed section will be collected upon receipt of fee validation letter from NHAI. So in Dhule, we are already collecting the toll for 75% of the project length. The balance project length including the developed section which was under tolling by another agency so that area has been completed by us and NHAI has declared COD for that portion also. However the fee validation letter will allow us to start collecting the toll on this section. For Rohtak-Panipat, we have already completed work to the extent of 616 crores till end of September 2012 and the balance outstanding work is 334

crores. Total they drawn till September 2012 is 610 crores and the average rate of interest is 10.75%. The scheduled date of completion for this project is October 14, 2013. We expect to achieve early completion for this project.

This is the broad number with respect to the quarter and also the development during the quarter and apart from these, let me give the further detail of the breakup of the various sector actually. To start with investment in each of the SPVs by subsidiary SIPL, the total investment in Ahmedabad Ring road is 41.7 crores, Aurangabad Jalna it is 111.2 crores, this includes the cost of acquisition of the 49% part of PBA infrastructure which has already been acquired by the company. In Maharashtra border check post, total investment is 207 crores. Hyderabad-Yadgiri it is 60 crores. Bijapur-Hungund it is 113.5 crores, Rohtak-Panipat 145.5 crores and Nagpur-Seoni total investment is 43.5 crores. Apart from these, the balance investment to be made in Maharashtra border check post we need to invest further 21.8 crores. Rohtak-Panipat 132.7 crores, Shreenathji-Udaipur the newly incorporated SPV the total equity required for the project will be 315.4 crores and also the Solapur-Bijapur the total equity requirement will be 323.3 crores and the Rajsamand-Bhilwara we are yet to achieve the closure, but based on the NHAI's minimum requirement the 50% of the grant is required to be invested as a equity. So we have considered 133 crores as equity in the project. So all put together some 926 crores is still required to be invested over the period of 3-4 years from now. So the equity component of Shreenathji-Udaipur and Solapur-Bijapur includes the debt service reserve account component also. So the final figure will be depending on their actual toll receipt post COD within the period of three years from the COD actually. So this is broad numbers in terms of the investment. So now I would like to take over the floor. Thank you very much for listening to me. Now I would like to request all the participants to have their questions regarding this quarter's earning as well as the present business of the company, over to the floor.

Moderator: Thank you sir. Participants we will now begin with the question and answer session. We have the first question from the line of Sujit Jain from AMSEC. Please go ahead.

Sujit Jain: Sir Maharashtra border check post, what was the execution number in second quarter as in the revenues booked in second quarter?

Nitin Patel: See second quarter, we have booked revenue to the extent of 49.95 crores, say almost 50 crores.

Sujit Jain: So is it going as per the schedule or slightly behind the schedule?

Nitin Patel: See actually based on the land made available by the government to the SPV, it is as per the schedule so far as because of the non-availability of the land because if we consider the majority of the amount which is yet to be executed, there is mainly for the area where the land is not made available and apart from that there is a substantial negative variation in the project. So this is yet to be accounted for once the land for the whole of the 22 check post will be made available to the SPV.

Sujit Jain: So what revenue we can expect let us say in the second half of this year and 2014?

Nitin Patel: From Maharashtra border check post?

Sujit Jain: Yes.

Nitin Patel: See Maharashtra border, we expect around with a range of say in between 50-80 crores will be the revenue from this SPV actually for this third quarter and fourth quarter.

Sujit Jain: Put together 50-70 crores for the second half for 6 months.

Nitin Patel: 6 months, it will be around close to, it may be around 140-150 crores.

Sujit Jain: And the remaining 200 crores would be in FY14?

Nitin Patel: See that will basically see what I have mentioned this is the civil part of the work I am telling on a standalone basis.

Sujit Jain: Correct, we are talking about civil part only.

Nitin Patel: Not 200 crores, the remaining work will be more actually. The remaining work in the Maharashtra border check post is more than 500 crores actually, 514 crores. So if we take and execute 150 crores, the remaining will be more than 350 crores actually and I think that the majority of the 350 crores may not require to be executed.

Sujit Jain: And in terms of the interest cost of this project, is there a way to bring it down from 12.5% to what is commensurate with other projects?

Nitin Patel: Absolutely. See other projects, I agree with that, but what we understand that once the COD for the 3-4 check post will be there and if the revenue from all these check post will be there in the Escrow account, I think that the lenders will start basically on a reverse trend. So I think that is the only trigger point what we expect.

Sujit Jain: And sir in Chhindwara project, what is the status in terms of execution, how much execution we have shown revenue booked in second quarter and what do we expect in second half and as well as FY14?

Nitin Patel: See in Chhindwara, second quarter we have executed to the extent of 32 crores and we expect that from third and fourth quarter, third quarter will be more than 120 crores, but fourth quarter will go beyond I think it should be 180-200 crores.

Sujit Jain: So sir what is our revenue guidance for 2013?

- Nitin Patel:** See in terms of the present execution basically what has happened, the appointed date for the Shreenathji-Udaipur and Solapur-Bijapur is yet to happen because from our side we have complied our requirement so far as financial close is concerned, but from authority side the 80% of the land we expect that the Shreenathji-Udaipur will be in hand in the first week of December. So I think before 10th of December, the appointed date will happen for Shreenathji-Udaipur, but Solapur-Bijapur we expect that it will happen by the end of December. So the revenue from Solapur-Bijapur will start from the last quarter of the current year. So to that extent, we expect that depending upon our earlier estimation there may be some gap of around 200-250 crores of the topline from these two projects actually for the current year. So I think but even though we are confident and we are also trying to take the appointed date for this newly one project Rajsamand-Bhilwara because there 100% of the land is there in the possession of NHAI and there is no any utility shifting and basically there is not any kind of concern for the land acquisition. So we expect that the appointed date will happen much earlier in these projects and we are also planning to achieve the closure, latest say before 15th January before these projects.
- Sujit Jain:** So sir for FY13, one can expect top-line of close to 2000 crores?
- Nitin Patel:** It will be little more than that. I think it should go up to, but ultimately depending up on, still we are confident that it will be more than 2200 crores.
- Sujit Jain:** And sir this new project that we have bagged, any feasibility study that any party has done which talks about the PCUs that one can expect?
- Nitin Patel:** See already the study has been done by at least more than 10 consultants, but we are having the data for almost say if I tell that because NHAI is having their own study, but apart from that we had conducted the study for two times, at the time of Udaipur-Shreenathji we had also taken the all running movement and traffic count on these projects and apart from that as of now also we have taken the count on this, but based on the traffic and as well as the positivity available to this project, we expect that the revenue will be reasonably fair and good actually for these two projects.
- Sujit Jain:** Sir based on the feasibility study what were the PCUs that you came across?
- Nitin Patel:** See based on the feasibility, the first year's revenue is coming around close to around Rs. 33 crores to 34 crores toll revenue.
- Sujit Jain:** So in terms of PCUs....
- Nitin Patel:** It is around close to 8800 PCUs.
- Sujit Jain:** And if you could give us an idea as to what is the traffic on Kishangarh to Bhilwara stretch currently?

- Nitin Patel:** Kishangarh-Bhilwara the PCU is more than 50,000.
- Sujit Jain:** And what is the IRR that you are expecting on this project?
- Nitin Patel:** See, actually we had considered only 7% of the traffic of Kishangarh-Bhilwara on our road over the period of 5 years from COD because our project is having the added advantage that the concession period is 30 years and apart from that the as what I have mentioned that the grant is also there for 200 so we need to take hardly 300-310 crores of the total debt actually for the project to achieve the financial close. But if the 7% of the traffic which is very conservative because the consultants have suggested more than that, because our road is shorter by almost 11 KMs as compared to the GMR section, but that way also it is giving IRR of almost 18% actually.
- Sujit Jain:** Sir one last question, I think there were no other bidders in the project. So is there a disconnect between what we think and what the other players would think about this project?
- Nitin Patel:** See, there are two things basically what we had understood that this project if I say that the revenue, because this is the parallel route of the such highway which is catering the highest traffic of the country and the commuters will have an option of the shorter route with a fairly comparable road four laning and new constructed road. So obviously there will be the reasonable chances and this has happened in the NH 3 also and also some of the part of NH 13 also. In NH 13 it has witnessed that the traffic growth of the commercial vehicle is more than 14% of the period of last 5 years CAGR, even this NH 3 which is also competing this NH8, so NH3 has also witnessed because one of the Indore Khalghat, the Khalghat section has been made plain. Earlier there was a Ghat session, so after making it plain and the Mumbai Nasik, even the Kasara Ghat is made basically plain. So because of that the NH 3 traffic has grown more than 15% CAGR over the last 5 years. The data is showing very clearly. So here I think even we have considered very less, even hardly we had considered the 8-9% CAGR actually as compared to this what has happened to the other part of the country actually.
- Moderator:** Thank you. We have the next question from the line of Chhavi Agarwal from Ambit Capital. Please go ahead.
- Chhavi Agarwal:** Sir, can you give us the number again for the Ahmadabad ring road traffic, Ahmadabad ring road revenue and as I remember you mentioned it has declined by about 4.7% of PCU. So can we say that for the entire year we expect it to remain flat in the PCU for this road project or a 0-5% growth, not more than that?
- Nitin Patel:** See, there is a reason for reduction in the revenue for Ahmadabad ring road, first is that the five plazas out of seven we have opened for the new construction actually, because earlier there was only 3/3 lanes on each side so now we are making it 5/5 lanes and we have totally destroyed the existing plaza and are reconstructing the new one and that is the reason of the some of the vehicle may choose or opt the alternate routes basically from the city or they may

try to avoid or some kind of leakages absolutely because there is no system in place during this period. So this is the one reason and apart from that obviously some of the local traffic, because one toll plaza there is service road has been constructed by the authority. So there is little bit hardly around 30,000 to 40,000 per day we have seen that the revenue has been reduced particularly on that plaza actually. So this is the reason. Other than we don't see any other major reason on the same. Once all these plaza will be placed and so I think the growth will be on its place actually.

Chhavi Agarwal: So for these five plazas, for these 5 laning on each side, when do we expect this work to complete and what is the additional cost that we have incurred for this?

Nitin Patel: Three will be completed by December and another 2 will be completed by say before 15th of February and because we have to install the system and everything and total approximate cost for all the five we are incurring to the tune of around 7.5 crores.

Chhavi Agarwal: Sir other than this, your debt has increased in this quarter compared to last quarter also, but your interest cost has remained constant. So is there any particular reason for this, now your debt is 600 crores earlier it was 480 crores. But your interest cost is at 17 crores only. So any particular reason as the interest rate decline for the construction business or certain projects or something?

Nitin Patel: See, I agree for the fact that it has increased but as compared to this the rate of interest has little bit come down as average basically because whatever new debt has been incurred it is short term basically and the cost of the fund basically is fairly lesser than the other debt and also the 52 crores of the new debt which is for the wind farm you have taken, so that is in the form of ECB and also the equipment loans, basically these all are in the form of ECB, so the average cost of this entire fund, approximately Rs. 150-180 crores is not more than 6% actually. So this is the reason basically, the total interest rate is not much. It has not gone up.

Chhavi Agarwal: Sir for this debt do you plan to take more debt given that you would be required to infuse somewhere about 900 crores over the next 3-4 years. So in the next 2 years where do you see the debt levels going and secondly you have taken debt earlier to infuse into your subsidiary SIPL at the standalone level you took debt, how do you plan to lower that debt of about 200 crores?

Nitin Patel: See entire 200 crores we have not taken basically from the debt actually that I understand is let me answer your first question that the infusion of the equity, see further equity whatever will be required for the new projects that will be arranged by SIPL only. So there will not be any further basically funding from Sadbhav Engineering parent level. But apart from that, yes, some of the amount basically we are converting into the long term in Sadbhav Engineering. We have already got the approval of MCD to the tune of 200 crores for the period of 5 years and that will be replaced basically with the short term and the other thing is what we expect that the which is the debtors payment mainly the payment from Dhule-Palesner which is

outstanding 155 crores as of now, plus the bonus amount of that 18 crores is both together will come almost to the extent of say 172 crores plus the bonus from Bijapur-Hungund, I think the net amount also to the tune of about 38 something crores is yet to be received from the SPV by Sadbhav. So all put together once it will be reached the debt level will again come down to 400 crores and also this has increased because of the start of the these two new projects in Solapur-Bijapur and Udaipur-Shreenathji. We have already made a substantial mobilization and also the crushing activity and the other activity has been started in both the project. So this has been funded from Sadbhav Engineering balance sheet as of now, because no other payments, including mobilization advance and other payments has been received from the SPV yet.

Chhavi Agarwal: So what we can say is that with mobilization expected to be received from the two projects, which will start in fourth quarter, the working capital should come down by the year end?

Nitin Patel: Absolutely, because both these projects Sadbhav will get around almost 190 crores of the interest free mobilization advance and we will be also before January this year actually. So obviously this will reduce apart from that whatever payment from this Dhule-Palesner and this Bijapur-Hungund what I have mentioned, once it will be placed I think it will be a fairly reasonable and strong, the situation will be very comfortable.

Chhavi Agarwal: Sir what is the status of the Chhindwara project, have we started execution, all land clearance and everything is in place and how much revenue do we expect to book in the second half?

Nitin Patel: See, all the land clearance and everything is through now. Also we have infused additional equipments to the tune of 25 crores in the project during the last 1-1/2 months because this will also take a bigger place, because you have increased this strength in the project to complete the project faster and we expect that the second half will generate more than 300 crores of the revenue from this project itself actually.

Chhavi Agarwal: And sir the works that were subcontracted to KNR I think which were given back by KNR to us. Are we doing it ourselves or are we subcontracting it to some other company?

Nitin Patel: See, we are doing it ourselves only. So there is a reason some of the equipment we have increased actually in the project.

Chhavi Agarwal: And sir other than the irrigation project where, which you mentioned were L1 is there any large EPC project that you are looking at other than the NHAI EPC opportunity, other segments like metros?

Nitin Patel: Delhi metro we have almost 6 bids we have submitted, almost the value is around 1200 crores. We are awaiting the results. This is one part. Apart from that in mining sector we are now in a commercial negotiation phase for one of the, more than 1000 crores contract. So once all the commercials will be through, then it will also come up. So the focus we are simultaneous, apart from BOT we are also planning to focus on the all cash contract basically and also some

of the annuity projects has come up by the Karnataka state and these are the fairly funded, say almost 40% is the guaranteed funding by the government in the project and only remaining needs to be arranged by the basically the developer and also the size of the project is also reasonably good. So these all projects we are bidding, we are in the process of bidding now.

Moderator: Thank you. We have the next question from the line of Lokesh Garg from Kotak Securities. Please go ahead.

Lokesh Garg: Just want to ask you on this Mumbai border check post project, you shared the construction revenue which is likely in 3Q and 4Q now, when could we start toll collection on this three check post which are more or less complete and what is the expected revenue line whenever it starts?

Nitin Patel: See, now the notification file is pending with government of Maharashtra, we are chasing up regularly. I think it should be cleared with in a couple of weeks, maximum so once it will be placed the revenue on this will be started and also the yesterdays development is that the principal secretary transport department has confirmed from us basically the date for opening of the.....because they want to call the Chief minister of state for opening of the project. So internally what I have heard that the between the 1st to 7th of December they are planning for inauguration of the project. So almost within a three four days times we will get the official intimation from the government. So once it will be, the opening ceremony will be there, definitely the notification will come before that.

Lokesh Garg: So then what is the revenue line that we could get, let us say we do full 4Q tolling on these three check post.

Nitin Patel: See, three if I tell the basically status the Acchad is the major one, that is the biggest of the 22 actually. So 20% of the traffic of the whole of the project is being catered by Acchad check post. Almost 15-18,000 commercial vehicles. So in terms of the PCU it is more than 40,000 PCUs are travelling on the road. So that itself and also the Navapur and Hadakhed which is around 92 -94% in both, Navapur is completed 92%, Hadakhed is 94% completion is there. That also we are planning to complete before December this year actually. Once these three major will be operational, the revenue sort of 50% of project revenue will be there in the place actually.

Lokesh Garg: What is that amount roughly in your expectation today, quarterly basis or annual basis?

Nitin Patel: The three these one and Navapur, Hadakhed and one medium check post is there Ramtech it is on NH7 from Nagpur to Seoni actually. So this six may bring around 28-30 lakhs a day.

Moderator: Thank you. We have the next question from the line of Shailesh Kanani from Violet Arch Securities. Please go ahead.

- Shailesh Kanani:** Couple of questions. Any status on Nagpur-Seoni, what is the status, are we booking revenues on that, Nagpur-Seoni?
- Nitin Patel:** See, four annuity because here we are getting semi annual payment. Semi annual payment has already been received in the Escrow account and as of now NHAI is making payment considering 49% of the total annuity, because the project has not been, 100% of land has not been completed. But now the representation from independent consultant has gone to headquarter. That is should be between the 55-61%. I think our demand is 61% and NHAI is asking for some 55% or some where the new amount of annuity will be finalized within the couple of months from now.
- Shailesh Kanani:** So sir roughly what figure would be that for the 6 months period?
- Nitin Patel:** See 6 months annuity will go to around 21 to 21.5 crores.
- Shailesh Kanani:** And sir one thing on the interest rate front? Have we witnessed any interest cost going down for any of the projects and if you can share some details on that front?
- Nitin Patel:** See some of the projects we already started Ahmadabad ring road and Aurangabad-Jalna already lenders have reduced interest and these Rohtak-Panipat, Bijapur-Hungund and Hyderabad-Yadgiri because 20-25% of the debt we have converted in to the ECB for a period of 7 years and also with a certain hedging strategy what we have made actually. So that has bring down the cost of interest to between 10 to 10.8% actually average, it is different for all the SPV. But as of now this Maharashtra border check post as I already mentioned 12.5% and these two projects, that is Solapur-Bijapur and Udaipur-Shreenathji we have achieved at a 12%.
- Shailesh Kanani:** And that is for the construction period six right?
- Nitin Patel:** That is for the construction period linked to the base rate of the single lender.
- Shailesh Kanani:** Sir just to confirm again, Ahmadabad ring road has seen a refinancing right?
- Nitin Patel:** That process has been started we have basically got the couple of proposal for that credit enhancement. So we are looking into the same. But it has not been finalized yet nothing on the ground actually.
- Moderator:** Thank you. We have the next question from the line of Abhinav Bhandari from Elara Capital. Please go ahead.
- Abhinav Bhandari:** Could you comment something on this equity commitment at SIPL you said you will require 926 out of which what we are looking in the next 6 months in FY14 and what are the funding plans there?

- Nitin Patel:** Which one? Can you please repeat the question?
- Abhinav Bhandari:** The SIPL you said 926 odd crores is the remaining equity commitment. So 6 months how much we are looking at, next 6 months and for FY14 what is our target and how are we planning to fund it?
- Nitin Patel:** See, next 6 months obviously we need to fund almost 250 crores because of these three SPVs I have considered basically, that upfront equity requirement and out of these 250 crores, the SIPL is having the arrangement of to the tune of around 195 crores in hand.
- Abhinav Bhandari:** Sir, this is what cash?
- Nitin Patel:** Yes. So I think there will not be much challenge to make this upfront equity commitment and then after it will be on a sequential basis and also as I also have mentioned we have started the process of securitizing some of the assets based on our equity requirement. So we are planning to get the line of credit available over the period of 5 years from different SPVs and the same can be invested basically for the new project on an actual requirement basis. So no need to take much cash in the hand as of now and also the regular requirement can be fulfilled by the SIPL itself. So that kind of arrangement we have already started.
- Abhinav Bhandari:** And how much is the debt at SIPL level now?
- Nitin Patel:** See outstanding debt is around 65 crores as of now in SIPL level against the net worth of almost 950 crores.
- Abhinav Bhandari:** And what has been the first half performance of SIPL, standalone?
- Nitin Patel:** Standalone, there is a sum of the O&M revenue and also this Maharashtra border check post contract we are having. So we expect that for the full year, we will get another 40 crores of profit in SIPL on the standalone basis.
- Abhinav Bhandari:** FY13 you are saying?
- Nitin Patel:** FY13.
- Abhinav Bhandari:** And FY14, how much is the equity commitment. You said 250 this 6 months and FY14 you are looking at how much then?
- Nitin Patel:** Another 60-70 crores will be required for the balance period, not more than that because upfront will take care of the, new date will come into the place and once it will reach to that level then after we need to fund the fresh equity in the new projects.
- Abhinav Bhandari:** And just wanted to check on Dhule now, how is the collection going on and now after 100% is declared, how much it would increase by?

Nitin Patel: See as of now the average collection is, I think for 75%, it is to the tune of 23-24 lakhs a day, but once this 100% will be played it should reach up to 36 lakhs a day.

Abhinav Bhandari: And that you are expecting from December?

Nitin Patel: Almost because at any moment they will issue the fee validation. Only that is pending, but the COD and everything has been declared officially.

Abhinav Bhandari: And on this MSRDC project, what is the progress and is this included in SIPL or it would be under Sadbhav alone?

Nitin Patel: Which MSRDC, water transport, you mean to say?

Abhinav Bhandari: Correct.

Nitin Patel: No, this is in Sadbhav Engineering only.

Abhinav Bhandari: But this is on a BOT basis right?

Nitin Patel: No, it is a cash contract.

Abhinav Bhandari: And just on this equity infusion now there won't be anything from Xander and Norwest, ?

Nitin Patel: No, as of now nothing will be there from them. If any rights will happen, then it will be required, otherwise not.

Abhinav Bhandari: And just one last thing on these new projects in Solapur and Udaipur, you told us the equity commitment, can you also tell the total project cost and the debt which has been syndicated there for both the projects?

Nitin Patel: See, for this Udaipur-Shreenathji, the total project cost is 1150 crores and Solapur-Bijapur, it is 1185 crores something.

Abhinav Bhandari: How much would be the debt in both the projects?

Nitin Patel: Debt in terms of Udaipur-Shreenathji, it is 834 crores and this Solapur-Bijapur, it is 890 crores.

Abhinav Bhandari: On the standalone side, the payables have come down drastically Nitin bhai, so any particular reason there?

Nitin Patel: Payables see, we are making payments regularly to all basically suppliers and everything and also the strategy is that during this time, as much we can get the discount in terms of the pricing that will be better for the company actually.

Abhinav Bhandari: And anything on the CAPEX front, what we are planning for full year?

Nitin Patel: CAPEX, yes there may be during this it will be around say another 30 crores we are expecting and next year it should be within the range of 50-60 crores for next year.

Abhinav Bhandari: How much we have done till date?

Nitin Patel: Around 25 crores we have already incurred as of now and already paid to the suppliers.

Moderator: Thank you. We have the next question from the line of Rahul Metkar from Marwadi Shares & Finance. Please go ahead.

Rahul Metkar: If you could share the BOT order book project-wise?

Nitin Patel: Sure. Let me start from this Maharashtra border check post in the books of Sadbhav Engineering, it will be around 343.22 crores in Sadbhav engineering only, SIPL I have taken out. Then Hyderabad-Yadgiri, it is 15.48 crores; Rohtak-Panipat, it is 245.76 crores; then this Gomti Ka Chauraha-Udaipur 975 crores; Solapur-Bijapur 999 crores; this Rajsamand-Bhilwara, it is 625 crores.

Rahul Metkar: Anything left for Bijapur-Hungund sir?

Nitin Patel: Bijapur-Hungund, order book is not left. That has been completely exhausted.

Rahul Metkar: Sir Multai-Chhindwara how much?

Nitin Patel: Dhule to the tune of 85 crores is left actually, for Dhule.

Rahul Metkar: Sir Multai-Chhindwara, how much is left on unexecuted order book?

Nitin Patel: It is 1599 crores.

Rahul Metkar: Executed?

Nitin Patel: Unexecuted.

Rahul Metkar: If you could please repeat the revenue of Ahmedabad Ring Road?

Nitin Patel: For the quarter, it stood at 17.82 crores, Ahmedabad Ring Road.

Rahul Metkar: With respect to the new win that you have the Rajsamand-Bhilwara project, earlier when you bagged the Gomti project you had mentioned that there would be some traffic diversion from GMR's route to your project and consequently ITNL also exercise the option of four-laning their Gomti to Beawar project. So if there is some diversion, then why would anyone take the

Rajsamand-Bhilwara and go back to GMR's route, not follow the ITNL route and go to Kishangarh or to the North?

Nitin Patel: See two things are there. 1) The distance kilometer, the distance kilometer this Rajsamand-Bhilwara is having the little advantage. Apart from that in ITNL section, the requirement of the new diversion and the new construction, the larger-sized structures are more actually. So we have calculated the entire toll rate because the person who will travel from Udaipur, then Gomti Ka Chauraha then they will go to ITNL section and go to Beawar and then Kishangarh, they will pay the highest toll, even almost 20% more than what GMR is charging as of now. So the toll rate is killing the entire beauty of that road beyond the Gomti Ka Chauraha. So before Gomti Ka Chauraha, this section is coming because this Rajsamand-Bhilwara. So now the entire new toll, because this project is there, toll rate and everything is placed and also the kilometer distance and everything has been finalized including the new structures and bypasses and everything. So as compared to the commuters will have the better option and this is becoming the exactly parallel route actually of the GMR section with a lesser kilometer.

Rahul Metkar: Sir in your expectation of revenue say 33 crores in first year of operation, how much are at the maximum level where you said that 7% is the diversion that you are expecting, factored in your projections, how much would be the revenue contribution from the diverted traffic and what would be the contribution from the indigenous traffic on this route?

Nitin Patel: See, ultimately what I mean to say, 7% if you consider the today's PCU of say 40-45,000 PCU in GMR section, so 7% of the same is around almost 3100 PCU that also we have added the additional PCU over the period of 5 years, not in the year one or year two itself. So we have taken a very conservative and the calculated call on the same and accordingly we expect that definitely this will be achieved.

Rahul Metkar: But what would be the contribution in terms of percentage say from indigenous traffic and the diversion traffic or the traffic diverted?

Nitin Patel: The percentage in terms I could not guess basically, what you would like to say?

Rahul Metkar: When you say that it is 7% is what is you have factored in and revenue say 100 crores then you must say that the revenue from the diverted traffic is say about 40 crores or 50 crores, so how much is that percentage, that whatever calculation you are getting in?

Nitin Patel: See it is very less. If I see basically 33 crores is coming from almost 8500 something odd PCUs actually and this another 3000 so almost diversions we have considered say over the current traffic, say 3100. If you divided by 8500, so it will be around hardly 30% to 32% over the period of 5 years on the current PCU of the particular road because the diversion will come from the road which is having the larger higher PCU than much more higher and because of the parallel route definitely the traffic has to come and it has happened in all the places in India actually.

- Moderator:** Thank you. We have the next question from the line of Sundaram Subramanian from Almondz Global. Please go ahead.
- Sundaram Subramanian:** Nitin in Rajasthan project, what is the length of the project, the new BOT that you have got?
- Nitin Patel:** It is 86 kilometers.
- Moderator:** Thank you. We have the next follow-up question from the line of Sujit Jain from AMSEC. Please go ahead.
- Sujit Jain:** Sir in Dhule-Palesner project, we have mentioned earlier that post COD, the debtor that is sitting on 155 crores that payment will come, so any problem there in receiving the debtor?
- Nitin Patel:** No what has happened because toll has not been started. So out of this 155, what we expect that 155 plus bonus, say total 172 crores, the 18 crores bonus and 109 crores of this basically what mean to say work done towards the section, these two will be released basically and the retention money part will be released over the period of say another 3-4 months.
- Sujit Jain:** And we would also plan for raising stake in this project, so if we at all decide to and if the other partner is willing to sell out, what is the equity additional that we will have to invest into this project?
- Nitin Patel:** See as of now actually we are waiting for another third partner, originally if you can understand, you might recollect that there were originally three partners; Hindustan Construction, John Laing and Sadbhav Engineering and the ratio was that the HCC was owning 37%, John Laing 36 and Sadbhav owns 27% and that 36% of John Laing has been splitted in two parts which will become the HCC 60% and Sadbhav 40% and now we are waiting for John Laing to exercise the put option because the condition is that once they exercise put option then okay, otherwise we are having a right to call because after the lapse of 6 months from the final COD, if they doesn't exercise the put option, then we can call that basically equity. So we are in that period as of now. So once this process will be completed, I think the acquisition and everything will start basically because even HCC also today cannot sell the 60%.
- Sujit Jain:** Okay, so even right now what is our stake currently sir in this SPV?
- Nitin Patel:** See, stake in terms of the equity is 27%, but so far as sub debt funding is there, both HCC and Sadbhav we have funded in the ratio of 60-40 which is 80% of the total equity commitment.
- Sujit Jain:** And there is no like you said additional equity requirement for this additional 13% because we have already financed sub-debt to the tune of 40%?
- Nitin Patel:** See equity base, we have to acquire at par actually, if they exercise the put, then we have to acquire at par.

Sujit Jain: Sir what would that amount be?

Nitin Patel: Total infusion by John Laing is 17 crores. So almost around say 6-6.5 crores will be required to be funded by us, remaining by HCC....

Sujit Jain: And is there a likelihood of HCC selling 60% post 6 months from the COD?

Nitin Patel: I think for us it will be difficult to tell now actually it is their call actually so please.

Sujit Jain: And sir Xander and Norwest, what is your understanding of their exit, the 400 crores that they have invested in SIPL?

Nitin Patel: See as per agreement, we have to list SIPL come out with the IPO within a period of 4 years, within 4 year from the date of investment, so it is September 2010 was the date of investment and if it could not happen then the grace period is one more year, but during that period we have to start the process of demerger of both the companies, SEL and SIPL, so this is agreed position. So either SIPL will got listed by way of IPO or it will be through the demerger route actually. So this is the agreed position with the investors.

Sujit Jain: And sir one last question is on rate per kilometer per PCU in Rajsamand in FY16 is probably what we would be targeting the project to start?

Nitin Patel: What rate?

Sujit Jain: What would be the rate per PCU, the rate per kilometer that we typically calculate for a project when we do our projections, rate per paisa per kilometer for a particular stretch and what is that for this new project that has come in?

Nitin Patel: It is actually as per the NHAI guideline because it is common for across the country actually. The only difference is that for some critical structure with a cost of more than 50 crores for the diversion is there, newly constructed diversion is there, so then additional rate will be allowed based on the total cost or the total length of the diversion. Diversion rates they are allowing 1.5 times of the length of the diversion actually on the normal route actually. So common fee notification is there for NHAI in all of the projects.

Sujit Jain: So we must have done some calculations, so what would that be for this project like for example today the rate would be 80 paisa per kilometer per PCU if there are no additional structure.

Nitin Patel: The same we have escalated over the period of say three years from now and what will be the escalated amount per PCU per kilometer is there multiplied by including the PCU that we have considered for the revenue plus some little growth in the traffic basically.

- Sujit Jain:** But what would be the additional structure multiple that you are talking about, like for example.....
- Nitin Patel:** See generally we consider the escalation at this rate of 6% CAGR over the first 5 years and then after 5.5% another 5 years, 5% next 5 years and 4.5% last 5 years, so that is basically normal standard what we generally consider basically to calculate the toll rate.
- Sujit Jain:** Correct, what I am trying to ask is that are there additional structure like you have in Udaipur project, Gomti Ka Chauraha project. So are there any additional structure in this project which would inflate the per kilometer charge that will toll?
- Nitin Patel:** See in Udaipur-Shreenathji, Udaipur-Gomti Ka Chauraha, absolutely yes, there are two structures, one is the tunnel which is required to be constructed I think approximate length is 550 m and another is there is an elevated structure on Nathdwara City, so the cost of these two structures is more than 50 crores that will inflate the toll rate.
- Sujit Jain:** Sure sir, I am asking even for this project Rajsamand-Bhilwara, are there any additional structures and because of this additional structure what would be the increase in rate per kilometer?
- Nitin Patel:** No. In this, there is no additional structure, only some small bypasses are there actually, but the total length is I think not more than 6-7 kilometers.
- Moderator:** Thank you. The next question is from the line of Devang Modi from Equirus Securities. Please go ahead.
- Devang Modi:** Firstly wanted to ask regarding the bidding across verticals in terms of number of projects and value that we have in the pipeline?
- Nitin Patel:** See in terms of the bidding, see RFP stage if I say that the RFP stage in road BOT, we are going to submit four project in annuity space actually in the State of Karnataka and also we have already submitted the bid for mining project in cash contract to the extent of 1630 crores, we have already submitted the bid. RFQ stage, recently when we got the qualification, in irrigation we got the qualification for 1192 crores and mining, we are basically in a process of submitting the bid, we have not yet submitted around near to 2700 crores of the project. So this is the contract. Apart from these, 31 projects of NHAI we got qualification that is to the tune of almost 39,400 crores. So these are the basically projects which may come for bidding depending upon the viability particularly the BOT projects.
- Devang Modi:** Sure sir, so basically if I understand it right, on the RFQ side you have got 39,400 in BOT, 2700 in mining and 1190 in irrigation, right?

Nitin Patel: This is RFQ side correct and already submitted bid as I have mentioned that around 564 crores of the tender in Karnataka, already submitted this and in mining, we have submitted 1630 crores.

Devang Modi: And in irrigation?

Nitin Patel: Irrigation, no bid is there actually.

Devang Modi: And how many projects 1630 comprise of?

Nitin Patel: Total three projects in mining.

Devang Modi: Sure sir and the 2700 crores mining RFQ is related to how many projects?

Nitin Patel: 7 projects.

Devang Modi: And this would be mainly Northern coal fields in Gujarat related entities or across India, the mining related projects?

Nitin Patel: See two of the projects we are looking for a MDO for a period of 8-10 years actually. That is the private organizations to whom recently they have been given the clearance under this Coalgate actually.

Devang Modi: And sir 1190 crores of irrigation is across how many projects?

Nitin Patel: 9 projects. They are small projects actually.

Devang Modi: Sure sir and given that we are incurring a little bit of CAPEX and must be augmenting our fleet strength and all those things, what is the revenue guidance that we could have for FY14 because our order book would be pretty full in FY14 per se.

Nitin Patel: FY14 will be, absolutely it will generate the good amount of revenue because the base for that has already been created. Now because of whatever as I understand that all these new projects including Chhindwara which everybody will generate the handsome revenue during the entire full year of FY14 and even 15 also.

Devang Modi: Sure sir, approximate revenue guidance could be something northwards of like 2800 to 3000 crores?

Nitin Patel: Absolutely, should be more than that.

Devang Modi: Okay sure sir and currently I mean once again like you had suggested the competitive scenario broadly in NHAI bidding has eased out a bit and can we say so based on the current rate or run

rate of our project being won and as well as the fact that there are almost zero bidders in NHAI projects?

Nitin Patel: We see that this is a good time for bidding absolutely naturally, but what also understands that the other competitors have also started taking the higher returns and also the equity commitment is a big challenge basically what I understand because those who will be able to manage the equity they will in a race actually for their coming period of 1.5 years. No doubts there are certain good projects are there, even larger size projects are also there and we are also in a process of bidding by making some tie-up basically. So we can take more risk over the EPC and also the blending of the same some investments and both can be handled actually, but the larger size of the project can be taken up.

Devang Modi: Sure sir and sir in terms of the number of kilometers expected by NHAI in this year from cash contracts and BOT, what would you suggest?

Nitin Patel: Obviously the NHAI will come up with more number of cash contracts, but it depends upon everybody's appetite at what returns and at what margins people want to execute their job, but what we feel that in current scenario, there will be stiff competition in the cash contracts.

Devang Modi: Sir how many means you would expect like at least 5,000-6,000 kilometers of cash contracts in this year?

Nitin Patel: Not that much, I think NHAI has recently come up, they are planning to award around 2900 km, just day before yesterday we have received the list basically from NHAI side. This project they are going to call the bids.

Devang Modi: In terms of cash contracts?

Nitin Patel: Cash contracts, exactly.

Devang Modi: And on the BOT front sir?

Nitin Patel: BOT that is already there, certain RFQ has been completed now. They have started declaring the date for submission of the bid, so in another because in 29 there is also one bid for Jodhpur-Pali, that is also in the state of Rajasthan. In the month of December, there are three bids; January there are 5 bids actually. So we expect that before March, there will be the substantial amount of bidding will be there in NHAI.

Moderator: Thank you. We have the next question from the line of Vinay Rohit from ICICI Prudential Life Insurance. Please go ahead.

Vinay Rohit: Sir could you help me what is the situation for Rohtak-Panipat in this quarter?

Nitin Patel: Rohtak-Panipat, we have executed 53 crores of the revenue in this quarter.

- Vinay Rohit:** And when do you expect to finish this project?
- Nitin Patel:** See we expect 75% will be operational before March this year.
- Moderator:** Thank you. The next question is from the line of Dewang Patel from Avendus Securities. Please go ahead.
- Dewang Patel:** Question was on the BOT stake that we have after Rohtak-Panipat, our stake is 100% in all the new BOTs, it used to lower in the previous BOT, so has there been strategically a change in our thinking on whether we want partnerships in the new BOT projects that we go ahead with?
- Nitin Patel:** See two things are there actually because first of all what we would like to say is that we are having reasonable because if you see the size of these projects are almost these two Udaipur-Shreenathji and Solapur-Bijapur, EPC size is near to 1000 crores each and this one is almost 625 crores, that is Rajsamand-Bhilwara. So there what we would like to see that and also strategically these projects are having the better advantage compared, if you see that both these Udaipur-Shreenathji and Rajsamand-Bhilwara, it is connecting stretch number one and also the traffic pattern particularly in Rajasthan during the last so many years is fairly good actually and considering whatever development is happening also, it will be basically always increase plus the concession period for both the projects if you see that Udaipur-Shreenathji is 27 years and this Rajsamand-Bhilwara is 30 years. So this is also added advantage. As in Solapur-Bijapur, it is also connecting stretch of our Bijapur-Hungund and also we are having the total traffic pattern what is there actually and what is the PCU and how it has grown and what are the characteristics of NH13. So that way we have strategically decided and also some of the projects in some of these states where we feel that we should go with in a balance term where we can take more risks in terms of the EPC as compared to the equity. So there we are planning to take the strategic partners actually and where both are mutually agreeable to take it forward.
- Dewang Patel:** So for the new bids that we will be submitting for the rest of the year, are there any of them which are in partnership or these are also on 100% basis?
- Nitin Patel:** See for annuity job, yes we had done a partnership with GKC one and another three toll based job, two from NHAI and one from government of Orissa, this we have made a partnership with PRIL that IDFC Piramal Road Infrastructure, they have created one holdco actually where IDFC and Piramal group have committed to put the equity. So there we are going 51-49. We are keeping 49% and they are keeping 51, but 100% of the EPC in all the three projects are with Sadbhav and average size of all the three projects is 2000 crores each.
- Dewang Patel:** Right sir, is this some long term sort of agreement between the two companies or will this be on a project-to-project basis?
- Nitin Patel:** It is on project-to-project basis depending upon basically each other's comfort.

- Moderator:** Thank you. We have the next follow up question from the line of Lokesh Garg from Kotak Securities. Please go ahead.
- Lokesh Garg:** Just wanted to ask you related to your comment on Mumbai border check post project, you also said that remaining work of 350 crores may not need to be executed. You are actually referring to some of these smaller check posts which you may actually not do or do later right?
- Nitin Patel:** No Lokesh bhai, the situation is that the five check post land has not been taken over, this acquired by government and also all medium and small check post, the scope of building and the lane requirement has been reduced almost 50%. So these will result into, but exact amount basically what will happen because there will be the calculation, how it will happen, once all the 22 will be say finalized because what government is considering that five check post where the land has not yet because almost 2.5 years has gone and the land has not been acquired by them. So they are considering to construct the check post on the existing state highway itself within the RoW of the highway. It is like a toll plaza with a 2-2 1.14.14 on either side and it will be operated like a check post. So the revenue will be there; however, the construction cost will be substantially reduced on this actually. Hardly 10-15% will be required to be invested as compared to the original design actually. So this will bring down the cost of the project without compromising the revenue.
- Moderator:** Thank you. We have the next follow-up question from the line of Rahul Metkar from Marwadi Shares & Finance. Please go ahead.
- Rahul Metkar:** Sir on the Nagpur-Seoni project, you had annuity receivable of up to 49 crores as on March. So have you received any part of it from the government?
- Nitin Patel:** We have received entire, 100% we have received in the SPV.
- Rahul Metkar:** Sir what was the revenue of Bijapur-Hungund in this quarter?
- Nitin Patel:** See it is 24 crores for the quarter.
- Rahul Metkar:** And the PAT figure for this SPV?
- Nitin Patel:** And per day it is almost say 25.29 lakhs per day.
- Rahul Metkar:** Sir if you could share the EBITDA and the PAT figure for the SPVs?
- Nitin Patel:** See broadly I can tell that the EBITDA I am having because these other things I have not considered, but EBITDA for Ahmedabad Ring road is 15.77 crores, Aurangabad-Jalna it is 5.60 crores and Bijapur-Hungund it is 22.85 crores, Nagpur-Seoni it is 8.75 crores, that is the EBITDA.
- Rahul Metkar:** Nagpur-Hungund only 75% we have achieved right? The 100% notification is yet to come?

Nitin Patel: No, Bijapur it is 100% already we have received.

Moderator: Thank you. We have the next question from the line of Shravan Shah from AMSEC. Please go ahead.

Shravan Shah: Sir what is the PCU, toll rate per PCU for Bijapur-Hungund right now?

Nitin Patel: It is as per the NHAI standard rate actually.

Shravan Shah: That is what, for suppose Maruti Alto if one wants to travel from Bijapur to Hungund, what is the toll that one has to pay right now?

Nitin Patel: See exactly I don't know, but it may be near to 90 paisa per kilometer what I understand basically.

Moderator: Thank you. We have the next follow-up question from the line of Abhinav Bhandari from Elara Capital. Please go ahead.

Abhinav Bhandari: Nitin bhai just a follow-up on Dhule and Bijapur if you could help me with the final project cost and the debt on both these projects?

Nitin Patel: See, debt outstanding in Bijapur-Hungund is 846 crores.

Abhinav Bhandari: And the project cost would be?

Nitin Patel: Total project cost was around 1200 something crores because there was a grant of 273 crores and also the equity of 137 crores. I think it is almost to the 1257 crores.

Abhinav Bhandari: And Dhule, how the final cost would be?

Nitin Patel: Total project cost designed for the Dhule was around 1415 crores, out of which 355 crores was the equity actually. So 1060 crores was the debt in Dhule. So I think out of that 1060 crores, we are yet to basically draw around say 120-125 crores from the lenders of the project as of now.

Abhinav Bhandari: So that you will be basically using for as equity for some of your new projects or how it would be?

Nitin Patel: Which one?

Abhinav Bhandari: The 120 which you have not drawn?

Nitin Patel: No, SPV has to make a payment to Sadbhav and also basically because bonus payment needs to be made that for developed section because as I have mentioned that 172 crores is yet to be

paid by the DPTL actually. So that will be funded by equity and debt by both the promoters and also the remaining debt will be drawn down. A little bit of saving is there obviously even Bijapur-Hungund also as I have mentioned that out of that 846 crores of the debt, we are sitting on a cash balance of almost 51 crores in the SPV itself because that is the debt service reserve account is entirely available in the fixed deposit. That can be utilized on a later date for the equity because in all the SPVs, the Hyderabad-Yadgiri and Rohtak and all, same scenario will happen.

Abhinav Bhandari: Understood. So basically you are going ahead with that schedule project debt on each and every project and whatever surplus you will have that probably you will utilize in some other....

Nitin Patel: Absolutely. So there is any other increase in any of the projects actually. Given the cash flow, toll revenue, in any of the projects there is no any cash shortfall that is the biggest beauty actually.

Moderator: Thank you. We have the next follow-up question from the line of Devang Modi from Equirus Securities. Please go ahead.

Devang Modi: Sir wanted to get the scope of the Maharashtra border check post project very clearly. Basically I think, currently we are looking at 22 check posts or 17 check posts?

Nitin Patel: It will be 22 only. Only the scope of work was little bit changed. So land has not been handed over.

Devang Modi: Okay sir, as of now it should be operational by March '13 and then another 6 we have already got land on which we are working, so further 10 projects we have not yet got the land for which the scope will change.

Nitin Patel: Not 10, actually the land for total 7 check posts has not been handed over so far, out of 22. So 15 are already in our possession because land has been given basically bits and pieces basis on a sequential basis. So basically the construction sequence has also got changed actually because of that.

Devang Modi: Okay sure, but those 15 at least we will be sure that all the 15 will be operational by say September to December 13?

Nitin Patel: December 13, yes we can take it that all 15 will be operational, 100% sure.

Devang Modi: Sure sir and basically what you are saying is on the remaining 7, there could be a reduction of scope which will lead to a lower project cost.

Nitin Patel: Exactly.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the floor back to Mr. Nitin Patel for closing comments. Over to you sir.

Nitin Patel: Thank you very much to everybody. On behalf of company, I would like to share that obviously yes, this is the year where the total revenue from the construction business will be lesser than the previous year, but I would also like to say that this has happened because of two reasons, one the early execution of the BOT project has resulted a little gap actually for the period of 6-9 months of the current year because Bijapur-Hungund even Dhule-Palesner all of these projects were supposed to be completed in this year actually. Even Bijapur-Hungund is also supposed to be completed by March 2013. So 500 crores of the revenue which was expected in this year has been completed in last year, so this has also created a gap. So this is not because of the underperformance, but fairly and reasonably I can say that this is because of the speedy and early execution of the project and also we expect that because of these new projects which we have won the appointed date also become little bit delayed by the authority because it is a clear cut version of the company even lenders have also suggested that let NHAI to hand over 80% of the land, so that may result into the little bit dip into the H2, second half of the year as compared, but however, as I mentioned that we should reach near to 2200 crores of the turnover, that is the target how we are planning to go ahead. That is mainly in terms of the construction business. Rest other operation and everything, I think obviously there is a little bit reduction because of the traffic reduction all across the country because of the recession effect, but this is a cycle and we have also experienced in the past also that once the economy is also coming in pace that the revenue may come up at a desired level. So this is a more or less in terms of the business. Again thank you very much to all for listening. Thanks a lot.

Moderator: Thank you sir. Ladies and gentlemen on behalf of Inga Capital Private Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.