



“Sadbhav Engineering Limited Q4 FY14  
Earnings Conference Call”

**June 04, 2014**



**MANAGEMENT: MR. NITIN PATEL - EXECUTIVE DIRECTOR,  
SADBHAV ENGINEERING LIMITED**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Q4 FY 2014 earnings conference call of Sadbhav Engineering Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Patel. Thank you and over to you Mr. Patel!

**Nitin Patel:**

Good afternoon everybody. On behalf of Sadbhav Engineering Limited, I warmly welcome all the participants who have taken their valuable time for the fourth quarter of FY 2014 full year earnings conference call. I am sure you must have had an opportunity to see the updated presentation which is uploaded on the company’s website and shared with concall invite.

Now to start with all of macro front as per our discussion with ministry and NHAI level because this is the just update we would like to give what has happened basically on the ground at NHAI level. I think within the next couple of months, many stalled projects will start for the bidding, because NHAI has now decided to either foreclose all the projects which has not yet taken off or where the financial close is pending or even when the closure has happened but because of the delay if it is not in a position to take off. So considering these when these all will be started many slow moving projects would also be for the running, because the quick decision making process at NHAI level.

Also projects which are stock due to non-achievement of financial closure as I have mentioned would be terminated by NHAI and would come up for rebidding. At Sadbhav, we see this is a big opportunity because there is a not many bidders in terms of particularly obviously BOT front hardly there are the very few bidders now in the race and we have seen basically bidding process during the last three, four months how the bids have come up and how many bidders have submitted the bid, so, this is basically on the ground situation.

At Sadbhav as we have discussed in last two, three earning calls also that from second half we will see that the numbers will start coming on the back in terms of the execution of the projects. So as a part of this the revenue for FY 2014 has increased by approximately 30% as compared to FY 2013. At these juncture with current order of Rs.9000 Crores odd and with a new government and obviously it is with clear majority government in place we expect many more opportunities in EPC business across sectors particularly state level also we will see there is a lot of projects will start coming for bidding in almost all the sector.

Now let me start with the summary of this quarter's standalone financial revenue for the quarter has increased by 14% to Rs.798.70 Crores as against Rs.701.5 Crores of the last year. EBITDA for the quarter has increased by 69% to Rs.88.2 Crores as against Rs.52.1 Crores of the last year and profit after tax for the quarter stood at Rs.36 Crores as against Rs.6.6 Crores of the last year of the same quarter. EBITDA margin for the quarter stood at 11% as against 7.4% in the same period of the previous year. The increase in EBITDA margin is mainly due to change in the sector mix. Just I would like to mention here that the competitive how these three main sectors including BOT and EPC have performed as compared to FY 2013 and FY 2014.

In this quarter actually if we see the irrigation has contributed it turnover of Rs.113.9 Crores as against Rs.128.9 Crores of the Q4 of FY 2013. Mining sector has contributed Rs.112.6 Crores in the Q4 of FY 2014 as against Rs.67.1 Crores of Q4 of FY 2013. So the mining sector has shown almost reasonably big jump, so that has also resulted the higher EBITDA. Even transport sector particularly in BOT front, the turnover basically Rs.274.1 Crores has been achieved as against Rs.171.6 Crores of the same quarter of the previous year actually, because last quarter as we also during last two, three conference calls we have mentioned that couple of projects could not be taken by the company during the second-half of the FY 2013 because of the delayed environmental and other clearances and out of which one project we have dropped off. So, the last Q4 of FY 2013, there was very less turnover in terms of BOT projects.

In EPC particularly in transport sector that Q4 of FY 2014 has shown a turnover of Rs.296.9 Crores as against Rs.332.7 Crores of the FY 2013 Q4. So, this is the revenue mix as compared to basically same quarter of the previous year and we expect that the margin levels across the sector will be maintained for the coming near future actually.

Now to start with the update of the business, if you see the first EPC business, our order book as on quarter end stands at Rs.8941 Crores, out of which transport sector contributes 51%, mining sector contributes 27% and balance from the irrigation sector. Chhindwara project has contributed Rs.260 Crores of the revenue in this quarter. Mining sector has contributed Rs.230 Crores in the second half of FY 2014 as compared to Rs.127 Crores in the first half of FY 2014. We expect that the mining sector to perform at the same pace going forward for next six to eight quarters. Order book breakup is provided in the presentation uploaded along with the conference call invite.

We expect also the many new orders from NHAI as well as various state governments, because lot of projects of even sizable value is under preparation at various stages. Now, we have also started getting basically from the various clients as this is all projects are coming

what will be the interest level of the company. So, we see lot of developments would come in the coming future.

Now, if you see the new projects which the company has won during FY 2014, company has won total 14 projects in FY 2014, total valuing Rs.2317 Crores and also one project, Solapur-Bijapur has been dropped off during the same year, but if you see the breakup the transport sector particularly in EPC front, we won Rs.716.3 Crores new job, irrigation has contributed Rs.862 Crores and mining has contributed Rs.739 Crores. So, we can see that almost equal new order has come from across the three sectors, so which has changed a reasonable, basically the order book mix of the sector wise also. Now, going to the BOT business, on the BOT business update detail breakup of revenue in each SPV has been provided in the presentation uploaded.

To start with financial close for Karnataka State Highway Project, which the company has won recently, which is under progress we expect to complete the financial closure by the first week of July. Currently, company has nine operational projects with Delhi toll revenue of Rs.1.40 Crores at FITL share. So, also on the three under construction projects, we expect the company to complete the projects before at least on the schedule fall in date and up-to-date progress of the under construction project has also been provided in the presentation enclosed in the conference call invite.

Now, if you go to the individual projects the Maharashtra Border Check Post, the toll collection has been started at another three check posts namely Hadakhed, Omerga and Varude from first week of May and provisional completion certificate also is received for one additional check post that is Biloli so total 11 check posts have achieved the completion certificate out of which nine have started the revenue and currently from this nine check posts, the revenue is being collected almost closed to Rs.25 lakhs a day that is basically this is the number I mentioning from the May 1, 2014 to say May 25, 2014 wherein all the check posts have been under basically operation and almost land acquisition process for almost all the check post is completed. So, we can see that now the project is going towards the completion stage and we see based on the current construction schedule of the other check posts we expect another five to be achieved COD within a couple of months, so put together around 16 will be operational by the third quarter of the current fiscal and rates will be completed on a sequential basis, but we expect that all 22 will be operational from the FY 2016 onwards actually.

So this FY 2015 also we will see basically incremental revenue in Maharashtra Border Check Post. Another is, the update on this Ahmedabad Ring Road obviously after the securitization process which is under consideration by Ahmedabad Urban Development

Authority post getting the legal opinion by the Ahmedabad Urban Development Authority, now we expect that the same sanctions will be finalized within the short period of time, so once we will get the approval then we will intimate at appropriate level also.

Now in Hyderabad Yadagiri, there is also significant development has happened in Hyderabad Yadagiri project. The average daily toll collection for the month of May 2014 has gone to Rs.12.7 lakhs a day and PCU, Passenger Car Unit in the last five months has increased by approximately 16% year-on-year basis. This is mainly because of the stability which has come in the political front particularly after the clear division of the Telangana and the Seemandhra, the traffic has started basically functioning in a normal way, so slowly it is getting and we expect also there is a significant jump may also come in these project within a couple of quarters, because a lot of other development will start taking place in both the states and our project is basically it is just junction of throughout the state actually. So, we may get the additional advantage because of some developmental traffic also in this project. So, this is in front of ongoing projects, remaining projects are going as per the normal way and all the numbers basically for the quarter has been mentioned in our presentation for further reference of everybody.

Now, coming to the accounting impact of few exceptional items in the financial results this is important because couple of important development has basically taken place and which has basically impact on the financials of the company. At the project level SPVs have changed the depreciation method got changed and the earlier policy was company has adopted to provide the depreciation as straight line method. Now, the depreciation has got changed based on the Institute of Chartered Accountants guideline and also the new provisions in the Company Act also and it has been now shifted to revenue based, so that is one change has happened and also same has been given on the retrospective basis and also to update on the fund raising plans of the company. We would like to mention here that the Rs.130 Crores has been raised by SIPL in the form of nonconvertible debentures and the sanctions, which our company has received for the six year money, company has raised Rs.130 Crores and out of three years is the moratorium period and raised fourth, fifth and sixth year, we have to make the repayment on the ballooning basis. So, this is the additional sanction in SIPL and apart from that I would like to also mention regarding one time written off of around close to Rs.38 Crores in the balance sheet of Sadbhav Engineering, this is mainly because of the various receivables which company could not basically materialize during the last four years and after basically rigorous followup with the various clients, so one time it has been completely cleaned off. So remaining whatever receivables are there, now it has been clearly earmarkable and all will be basically materialized as per scheduled as in when basically followup will be through actually. So this is development in balance sheet front.

Apart from that noting is to be mentioned now, I would like to straight go to the floor for the question and answer session. I am thankful to all for listening to me and request to the floor to start the question and answer session. Thank you very much.

**Moderator:** Thank you Sir. Participants we will now begin with the question and answer session. WE have the first question from the line of Devang Patel from IL&FS. Please go ahead.

**Devang Patel:** My question was on the railways business and what are plans will be in that space, now we had bit for DFC earlier and recently also we have got and project in the railways, essentially if you can throw some light on what kind of precues or what areas, what is go for operations, do we operate in currently and we have not ventured out of roads, irrigation and mining for many years now, but what opportunities we would be having in the railway business?

**Nitin Patel:** Basically as a sector we are very much bullish in the railways. As of now the one project we have recently won to the tune of Rs.178 Crores, almost I think four five days back we have announced that we have been declared as lowest bidder. So, this is mainly construction of the basic infrastructure for railways including the structures and some of the bridges for the railway purposes and some earthwork, because major part is completing the earthwork including the preparation of base, so this is to start with we have basically started bidding, approaching for this kind of projects and of the view that almost series of projects are lined up basically valuing between Rs.150 Crores to Rs.500 Crores in the railway front and this all are from the EPC, so we are expecting the further development may also come in the sector. But apart from that basically the railways sliding and electrical work we have basically yet to wait and also basically this will be not a clearcut thought process as of now of the company.

**Devang Patel:** Sir in the opening remarks, you were mentioning that a lot of bids will come back for bidding and competition will be low, so would you expect a higher IRR, would you raise your hurdle rate already or you will wait for some time and see how the bids go?

**Nitin Patel:** Obviously, in particularly those projects earlier came for bidding under the BOT segment. We expected all of them, majority of them basically almost all of them will go for under the same BOT scheme. Obviously the parameter will get changed, but significant thing is that all these projects will come just within a very short span of time and also the clearances others and everything has been made through. Second change is that there are the number of bidders obviously are very less if we compare basically the regime between 2007 and 2012-2013 now, almost hardly 20% or 25% of the bidders are there in the foray, so we do not

expect much people will come forward to take and obviously this will result into basically increased return on the bidding front actually.

**Devang Patel:** On the Maharashtra Border Check Post, could we have revenue numbers for the last four quarters not got the numbers in the presentation that you have given every quarter? If those numbers are easily available could be happen?

**Nitin Patel:** What we will do, we can send a separate mail, but as of now because from May first week onwards the revenue at another three check posts have been started which was nine has been started operation, so out of these nine basically the revenue which is being collected as of now even close to Rs.25 lakhs a day and even in presentation we have mentioned somewhere else that the revenue is almost close to Rs.25 lakhs a day in this nine check posts. Another check post once it will be operational, so it will incrementally go further and as I have mentioned earlier also at a various front, but we are of very much confident that once all the 22 will be through, so revenue for out of these 22 should be within the range of Rs.55 to Rs.60 lakhs a day actually. So, this is obvious case in Maharashtra Border Check Post.

**Devang Patel:** Thank you Sir. I will join back in the queue if more questions.

**Moderator:** Thank you. The next question is from the line of Amit Sinha from Macquarie. Please go ahead.

**Amit Sinha:** Good afternoon. My question is on the equity requirement for the under construction projects right now where do you stand?

**Nitin Patel:** Under construction obviously the four projects we are considering. These are Shreenathji-Udaipur, Bhilwara-Rajsamand, Rohtak-Hissar and Mysore-Bellary, which we recently won of the Karnataka annuity. So, I would like to give the numbers one-by-one for the benefit of all. Shreenathji-Udaipur, total equity requirement is Rs.311.50 Crores, out of which Rs.103.72 Crores has already been infused. So the balance is Rs.207.78 Crores is required to be infused. Bhilwara-Rajsamand Rs.133.20 Crores is the total equity requirement, out of which Rs.86.70 Crores has been infused and Rs.46.30 Crores is yet to be infused. In this Bhilwara-Rajsamand, we are supposed to get a grant of Rs.266 Crores from NHAI, also over and above this equity. Rohtak-Hissar, the total equity requirement is Rs.107.70 Crores and out of which Rs.54.28 Crores has already been infused. So balance is Rs.51.54 Crores. Again in these projects we are eligible to get the grant of Rs.211 Crores from NHAI. The fourth one is an annuity project of the government of Karnataka, which has been supported by the World Bank funding. So the equity requirement at SIPL level is Rs.39.50 Crores,

nothing has been funded so far in the same. So the same is outstanding and in this project also World Bank is supposed to provide a grant of Rs.240 Crores. So, all put together Rs.345 Crores of the equity is required out of which as I have mentioned during my previous conversation that Rs.130 Crores has already been raised by SIPL in the NCD form. So, balance is required to be arranged by the Company over the period of 2.5 to 3 years and also over and above this whatever money is balanced what we are of the view once this securitization approval of Ahmedabad Ring Road is through, so all the money will be tied up for these projects, so nothing will be additionally required so far as these projects are concerned.

**Amit Sinha:** In the Hyderabad-Yadagiri project, now since there is a political stability in the state, what is the revenue number you are looking per day?

**Nitin Patel:** As I have mentioned that as compared to five months, because there is a large number also from January to May, we have seen the traffic has grown 16%, so nowhere in India has grown like this actually, so this is mainly because the hit was there actually because of political instabilities. No development was there. Now, there are the two states with the two separate governments and I think that the development will be very much faster as compared to the previous one and we are of the view that this will go further because revenue we are expecting that once it should be through, we should cross even whatever our estimate was there we will be able to overtake that.

**Amit Sinha:** What was their estimate Sir in Hyderabad project?

**Nitin Patel:** Basically FY 2015, we were estimating even close to Rs.14.5 lakh a day of the revenue which we expect that within at least couple of quarters we should make it through.

**Amit Sinha:** In the Dhule project, are we now at 100% tolling?

**Nitin Patel:** No, actually 100% tolling has not yet started, but obviously we can take 100% of the project (**Inaudible-24.52**) is under toll, but bearing 13 kilometer of one side basically, so 50% of that 13 kilometer is not being tolled actually. It is under toll by the existing developer and as per the notification extended by NHAI, so this will complete by December 2014, so from January onwards, we will be able to start construction and thereafter tolling also in the same project.

**Amit Sinha:** Since we are the minority shareholders in the project, what is our stance on that? Are we looking to exit the project or sell the minority stake?



**Nitin Patel:** SPV, we are basically very much comfortable with Dhule, because even in this entire recession in this period also, it has shown the good traffic numbers and very stable traffic is there and we are expecting the jump is obviously FCC our counterpart is exiting and we are also of the view that because they have already issued ROFR notice to Sadbhav, so obviously we are in active discussion with our existing investors also and basically how to deal in this position, because we do not want to clearly go out as a distress basically sell, so we will basically once it will be through, we will be in a position to give a clarification, but active discussion is going on with FCC either to basically we should go 100% exit or we should try to have 100% almost we got the SPV or we can do some kind of structuring in such a way that without they do not have to make additional capital all requirement in the SPV, but we can basically retain our ownership for certain further period and later on we can get the complete benefit of this basically upside of the SPV. So, I think once things will be through, we will be able to tell the market in a very clear manner.

**Amit Sinha:** My final question is, would you like to give any guidance for FY 2015?

**Nitin Patel:** FY 2015 mainly speaking, if I say broadly the Chhindwara project will be completed almost turnover of Rs.500 Crores will be booked in the first two quarter, particularly Shreenathji-Udaipur, Bhilwara Rajsamand, and Rohtak-Hissar these three have now completely picked up and we see a significant turnover will come from these three projects, because next year we are targeting to complete all the three projects in the next year itself. So apart from the second quarter onwards that Mysore-Bellary that will also start generating the revenue, because we are expecting to take appointed date in the second or third week of August, so from October this will start. Apart from that as I have mentioned earlier that mining sector has also started basically showing the good contribution, so it will also come up, so all put together we are of the view that we should be at least 25% higher than the FY 2014 numbers basically this particular FY 2015 at a topline level.

**Amit Sinha:** Thanks and all the best.

**Moderator:** Thank you. The next question is from the line of Nitin Arora from Emkay Global. Please go ahead.

**Nitin Arora:** On the margin side, I just wanted to ask you that there is no doubt that mining has contributed in this quarter. So, should we assume that 25% kind of EBITDA margin we have done in the mining segment in the whole as well as in Q4?

**Nitin Patel:** Particularly two projects we have started in Q4. That has shown the significant margin and I am of the view that these two have generated 25% EBITDA. Remaining all where the

earlier ones, which is going out also that is within the range of 18% to 20% actually, but obviously because all projects mining sector, we see because order book is also very healthy, all the capex for the equipments and everything has been completed during the FY2014 itself, so the execution will continue to perform this year and next year basically, so we are of the view that this will generate the sustainable return also.

**Nitin Arora:** 25% margin you are saying is it for the projects for northern coal field like Rs.700 Crores project?

**Nitin Patel:** These two basically are mainly from the Bharat Coking Coal Project of the Jharkhand?

**Nitin Arora:** Moving onto the capex side, I think we did about Rs.200 Crores of capex, to build our mining equipments in this year. Can I get a gross block number of the mining, how much gross block we have mining per se?

**Nitin Patel:** In mining basically what total gross block has reached to around Rs.323 Crores in mining sector alone.

**Nitin Arora:** Assuming that the asset turnover taking up to five times or four times, we can still execute Rs.1600 Crores of work from existing equipment. Is that reading correct?

**Nitin Patel:** You are telling about only mining sector.

**Nitin Arora:** Only mining sector?

**Nitin Patel:** Mining sector asset turnover is not that much high actually, because EBITDA is high, depreciation level is high, but over the period it will go and obviously over the life of the projects, because all these projects are of the five or seven years life. So this entire equipment will continue to generate. In terms of as compared to the total order book and basically capex in the sector, so I think that turnover ratio will go above five or so.

**Nitin Arora:** Incrementally, we do not require much of the capex in the mining? Can you assume that for the next two years at least?

**Nitin Patel:** Obviously, these will help, because once we have done capex so much particularly in last year we have done almost Rs.180 Crores of the capex in mining sector alone. So, if we see that once the new projects will come up, so all these equipments will obviously be able to take up, some of the requirement of the new project also and some additionally, another than new we have to add keep on going on adding, so to maintain the fleet.

- Nitin Arora:** What is your capex guidance for 2015-2016 Sir?
- Nitin Patel:** With these order book, I think nothing is required to basically invested, only except because we are now of the view that the road sector will start seeing a significant jump in the order book and also we have discussed that another sector like railways and others in DMRC we also started the job there Delhi Metro, the station work is going on a smooth way. In this particular sector if something new is coming up then only we have to think of the additional capex, but that is mainly based on whatever new business is coming in.
- Nitin Arora:** DMRC, we are taking mostly EPC work only right and not the tunnelling or anything of that sort?
- Nitin Patel:** Nothing, all is the EPC.
- Nitin Arora:** Coming on to another part of receivable, we were expecting some money to come in from Dhule and other projects. Has that come in this year?
- Nitin Patel:** Last year outstanding was around close to Rs.152 Crores and as of now the outstanding in Dhule is around close to Rs.72 Crores, so this has already come, remaining basically we are of the view once this decision of HCC stake will be through, so against that I think the whole amount will be settled out actually, whatever way it is getting closed, but ultimately these will be settled out.
- Nitin Arora:** Can you get the revenue number for Mumbai-Nasik. I think that was not there in the presentation if you have it kindly right Sir?
- Nitin Patel:** Mumbai-Nasik actually March quarter number obviously it is not there with us because even after repetitive reminders to our big partner, they are not in a position to send us the data. In the next boarding meeting when we will go there all the data will be available then after we will be able to share, but obviously we commit once we get it, we will share to everybody.
- Nitin Arora:** Just last two questions. In the tariff hike in this year FY 2014, correct me if I am wrong, ARR Aurangabad Ring Road saw an 8% tariff in the Q2 FY 2014, then we got an 18% hike in Aurangabad-Jalna in April. Apart from that BSCPL, HYTPL, what was the tariff in FY 2014?
- Nitin Patel:** It is close to if I put in the NHAI formula it is close to between 5.5% actually.
- Nitin Arora:** In BSCPL you are saying?

- Nitin Patel:** Bijapur-Hungund, Hyderabad-Yadagiri, even Dhule all put together.
- Nitin Arora:** What is kind of margin, we can expect from here, we are doing right now basic structure work and bridges work for railway, so what kind of margin we can expect from this segment if it expands in the coming year for you?
- Nitin Patel:** As of now basically we have seen the numbers also because almost 8 to 10 companies have submitted the bids, so initially to start with we have decided to go with obviously whatever normal way, we can make the money obviously within that range to 10% to 12% between the EBITDA level, so that way bid we have submitted and we are successful, because two bids we have submitted, one we became L1 and another we are L2 actually.
- Nitin Arora:** Lastly on Solapur-Bijapur I think NHAI came back again with tendering, is there any thought process of taking back that again?
- Nitin Patel:** Obviously now it is all together a new bidding actually and there the project cost also has increased basically from earlier it was around hardly Rs.880 to Rs.900 Crores to now, it has gone to Rs.1454 Crores. Obviously, all the numbers will be the separate now for the bidding purpose.
- Nitin Arora:** Thank you so much and I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Devang Modi from Equirus securities. Please go ahead.
- Devang Modi:** A very good evening to you. Firstly wanted to understand on what was the reason for dip in toll collection in Ahmedabad Ring Road this quarter?
- Nitin Patel:** Particularly, I am sure that you are from Ahmedabad itself, so my request will be there if you take a round of the Ring Road, AUDA has constructed the service road along the Ahmedabad Ring Road actually across entire whole of the Ring Road. So last year it was done even this near where the toll plaza was there, so we have moved to AUDA, but initially the traffic was moving through the service road where the toll plaza was there, but now finally AUDA has basically given the approval to put height barrier set across all the seven toll plaza locations and because of now we have reached to again per day toll revenue of Rs.24 lakhs. So, from May 1, because April 30 once there was election in Gujarat has been completed of this Lok Sabha election thereafter they have allowed us to start putting the height barrier and one-by-one we have completed, so just recently day before yesterday we have completed, erected the high barrier at the seventh toll plaza, now we are collecting around Rs.24 lakh plus they actually.

- Devang Modi:** Now, we can comfortably expect on a normal growth on this Rs.24 lakhs?
- Nitin Patel:** Obviously it will show the growth of I think at least 10% to 12% traffic jam, as compared to normal traffic of the previous year actually.
- Devang Modi:** What is the average cost of standalone and consol debt?
- Nitin Patel:** Standalone, it is around again close to 11.75% it is in standalone basis and on a consolidated basis, it is also again, we are giving the effect of ECB facilities we have taken, but it is again same 11.25 or 11.5 in between that.
- Devang Modi:** ECB facilities altogether to the tune of some Rs.35 million right nothing else.
- Nitin Patel:** Other than three projects we are having the ECB facilities, but all are the phased structures, but cost is very less as compared to the rupee debt. This mainly particularly Rohtak–Panipat, Hyderabad-Yadagiri and Bijapur–Hungund, we are almost 20% to 25% of the total debt is in the form of ECB, the cost of this ECB facility as compared to rupee it is almost 250-basis point down than the rupee cost actually.
- Devang Modi:** Could you highlight that in our sector that is mainly roads, mining and irrigation, what are the key orders which we expect to come up in the near term, just some large orders which we are expecting or some major revenues of work which we are expecting in the next one or two year period?
- Nitin Patel:** Road sector, EPC we are seeing that there are number of projects are coming, this is a cash contract I am telling which the cost is more than Rs.1000 Crores, number of projects are coming for bidding out of which two projects we have already submitted the bid and another we are in a preparation, we are in a process of preparation the bid. In BOT even today Economic Times, there is clearcut news that around 45 to 50 projects are going to be kept brought back on the track actually, so we see that all these projects will come for the bidding just within the one year time. Obviously this is a very significant move in the sector and given the situation when there are the numbers of bidders are less actually, probably chances will be very high to increase order book in those sectors.
- Devang Modi:** Mining and irrigation side, because again the Coal India could...?
- Nitin Patel:** Obviously, we will continue to basically see the cash contracts particularly Coal India and subsidiary and obviously with the new government basically in place and we are also of the view that the lot of projects will come up and obviously the large size even bid may also come for the bidding actually. We are fully geared up in mining sector. Irrigation obviously

the government particularly, our new Prime Minister Narendra Modi, he is very much key in particular the river linking and other irrigation related and water related issues, he would like to sort out so, focus will be there actually across the states particularly where the particulars for the irrigation projects and we have seen basically in Gujarat also, a lot of irrigation activities has been done during the last 15 to 20 years and that is the reason why Gujarat has become the water rich state actually as of now. So same may basically we are expecting the replication will come in many of the states across the country. We see that this is also a good opportunity will come up in irrigation sector as of now.

**Devang Modi:** You mentioned on mining projects, currently who are the main people you would consider a competition in the nature of work that you do in mining?

**Nitin Patel:** As of now obviously some of the key names one is Essel Mining is there, another is obviously Aryan Coal that is basically (**Inaudible-41.41**) Mining there will be based company. Couple of companies was from Hyderabad and also couple of companies from Gujarat is also there actually. So these are the basically major companies apart from that we do not know whoever will come then these all will be the new comer now apart from this anybody is coming.

**Devang Modi:** Now that we are seeing possibly you are correct with all the political stability work could come from several directions. So, given our organization setup and the amount of fixed asset block we have how much revenue can we manage on the EPC book without current setup I mean to what level to be stress our fixed asset plan?

**Nitin Patel:** Obviously road sector basically if you see as of now we have constructing simultaneously, Chhindwara, Shreenthaji-Udaipur, Bhilwara-Rajsamand, and Rohtak-Hissar and now also we have almost 70% mobilization has been completed in Mysore-Bellary also. So we set of almost the five projects are already ongoing and whatever new bids will come except for the cash contract whatever BOTs will come obviously there will be the gestation period, because initially six months will be the development period and sort of financial close and all put together then after we have to basically start, so one-by-one these current projects will also be completed and all the equipments can be recycled actually for the new projects, but we are of the view that almost the size also basically will start jumping, we have recently seen that in Solapur-Bijapur that within one-and-a-half year to two years basically the cost has shot up by 50% more actually. The order book size will also start growing up basically as in when the new orders will come in the place. So, we are of the view that the with the current setup and adjust by adding some of the few key equipments basically for the new orders if it is required, but there is a significant chances are there that with coming

three to four years, the Company can reach to the above the level of the current there, what is their actually now.

**Devang Modi:** But for that you will obviously require some capex, so from current set up we are saying you can do definitely the current level of revenue Rs.3000-odd Crores you will be able to manage in FY 2015 without any capex?

**Nitin Patel:** Rs.3000 to Rs.3500 Crores is not a big issue; apart from that as I have mentioned only key equipments are required. Say batching plants and also some of the pavers and for the road construction some of the key, other than routine equipments we need not have to do the capex that can be done through basically various agencies in the market.

**Devang Modi:** Finally, like you mentioned we are almost done with the equity requirements of all these projects, but then we do not have any surplus monies for new project. So how many more projects of like say Rs.1000 Crores, how many more can be accommodate, because then we will probably need to go for some raising, how many more are we planning to take, because if it get more projects then what is our plan there?

**Nitin Patel:** There are two three things basically, I would like to mention here that as compared to the last two years basically if you see the company situation last three to four years back and now the major difference is that today company is having nine operational projects and four are underway, so another three we are expecting by the end of FY 2016 will be completed in another three and one will be completed by FY 2017 itself. So there is fair chances that they churning up in the assets will start take place, lot of consolidation will also be seen in the group level also particularly and obviously wherein the valuable looking and everything will be there actually opportunity will be there, so obviously company will start encashing the same and apart from that as we have mentioned at a various forum also that we are having the obligation to give the exit to the existing investors in SIPL level, so we may go for the basically listing of SIPL at appropriate time if the valuation basically are fair. So, there are also chances there, so at that point of time company can also raise the equity if further future business also.

**Devang Modi:** Thanks a lot Sir.

**Moderator:** Thank you. The next question is from the line of Mangesh Bhadang from Quant Broking. Please go ahead.

**Mangesh Bhadang:** Thanks for taking my question. Basically most of the questions have been answered, but I just wanted to check on this NHAI forensic audit that has been talked about today which is for the projects which have revenue sharing. In the premium deferment case just to plug the

loopholes of revenue, would NHAI do the same to understand how much actually is the revenue shortfall or is the NHAI thinking on the same line?

**Nitin Patel:**

Actually this is a concern for the companies who have some different intentions. First of all basically, we would like to clarify that any audit or anything if it is coming, because once everything is very clear and black and white. We need not have to worry, number one. Second thing, rather we have also approached at the time of when we have approached to NHAI for this premium deferment in all these issues. At that time, again, we have told to them we ready to provide online data of daily toll collection whatever system has been in store, we are ready to link that system completely to the server of NHAI and last visited with the NHAI chairman, we are having, I was also present in the meeting. So we have already given a commitment that just within a one month's time from all the basically toll plaza. We will link to the NHAI server. So, we have no other issue and ultimately whole thing is that the premium and everything has been deferred by NHAI in a completely fair manner. So obviously every developer has to basically think in a complete fair manner whatever number is there that has to come out actually.

**Mangesh Bhadang:**

So barring collecting data from the developers would they do any out of the secondary check on vehicles or PCU something of that Sir?

**Nitin Patel:**

NHAI will have doubt on the same, number one and apart from the second is as per the concession agreement NHAI has the right to do the traffic count for seven days in every year, so it is also ready with the NHAI. But here also when there is they will doubt actually that particular projects that there is a number he is not getting cleared, obviously they will come up and check it there may be, so we do not any reason issue in that.

**Mangesh Bhadang:**

Secondly on the debtor's provisioning that you have undertaken. Is there any specific debtor that you would like to name or mention who are there, are there subcontractors or anyone?

**Nitin Patel:**

No, it is a very small, small amount of the various long lists is there actually. So there is not I think basically significant amount from any single point is not there it is. It is generated over the period of time actually.

**Mangesh Bhadang:**

In the next six months any of your projects which will see interest rate reset?

**Nitin Patel:**

Obviously because recently just 15 days back Maharashtra Border Check Post the interest came has down to Rs.125-basis point, Hyderabad-Yadagiri has also interest has come down by 25-basis point. Dhule-Palasnar also interest rate has come down by 30-basis points, so every reset date basically we are approaching to that because once the construction risk is over and project is coming near to the basically in DACR of one, so obviously there is a



right as a developer to ask to lender to bring down the rates actually even in Nagpur-Seoni as I have mentioned that we are converting into the bonds actually, so it is a field way (**Unclear**) structure we are converting SPV. We are converting into the bonds actually the SPV.

- Mangesh Bhadang:** That should be it from my side.
- Moderator:** Thank you. Our next question is from the line of Deepak Purswani from ICICI Direct. Please go ahead.
- Deepak Purswani:** Good evening Sir. Sir, can you please help me out with the standalone debt including the current portion of long-term debt?
- Nitin Patel:** On a standalone the total debt the company is around 935 Crores, out of which the long-term debt is around 552 Crores.
- Deepak Purswani:** Sir, how much is the debt at the SIPL standalone level?
- Nitin Patel:** SIPL standalone total debt is around 670 Crores and out of which I say that the major portion has come from Sadbhav Engineering from parent actually. So it is close to 390 Crores.
- Deepak Purswani:** Second is Sir, on the toll front Rohtak-Panipat toll revenue appears to be very low what was initially indicated. Any specific reason for the lower toll revenue or are we expecting any significant improvement in the Rohtak-Panipat revenues?
- Nitin Patel:** As per the current traffic because on regular basis, we are also contracting the traffic count and everything, because as per current traffic the toll should be close to 34 lakhs to 35 lakhs a day out of which we are collecting around say 25 lakhs to 26 lakhs a day, so that is mainly because of initially when you have started and there was a lot of political activities, there are a lot of news items were there, mainly because the AAM Admi Party and other parties and all put together they have started sitting on the toll booths and everything, so that has basically impacted the initial numbers and now slowly we are now basically covering the same, but we are of the view that within a two to three months, we should be at normal numbers.
- Deepak Purswani:** Sir, on the Maharashtra Border Check Post we are expecting 16 operational toll plaza by Q3 FY 2015 then at that point of time what would be the collection number we would be looking out?

- Nitin Patel:** See all 16 put together we should be in the range of around 42 lakhs a day.
- Deepak Purswani:** All including 22?
- Nitin Patel:** It is around say it should be 55 to 60 lakhs a day.
- Deepak Purswani:** Sir, on the Dhule-Palasnner currently we are 38 and as you mentioned that 6 km stretch would be commissioning construction from January next year, so once that is completed what would be the runrate we could expect and how much time would it take for the completion of that 6 km?
- Nitin Patel:** First is that 13 km that land is at 13 km one side, of course that will add another toll revenue of 4 to 4.5 lakhs a day, so 38 lakhs per day will go to around 42 to 42.5 lakh a day and as per the basically the current toll notification of that particularly existing toll collector it ends in December 2014, so we will take another three to four months to build basically the new road on that particular 13 km and thereafter the toll will be started for 100% basically, projects even as I have mentioned.
- Deepak Purswani:** Sir, lastly on the order inflow side, can you please throw some light on L1 and pipeline and also particularly on the mining side are we chasing any big tickets projects or something like that?
- Nitin Patel:** We are waiting because ultimately, we are all aware that there was election code of conduct was there across the country everywhere so not much bidding, bid was basically floated by the various clients, except whichever are being completed but the new bids could not be taken up and now the one the government is placed, so we see that another two to three months within a two to three months time, there will be a large number of bids will start coming in across all the sectors particularly, but in qualification stage obviously at NHA level, we have the qualification for almost around 38 to 40 projects as of now and in the cash contract particularly in EPC front, also the company because of quite a large experience and basically of the completed number of projects, the company will have a good bidding capacity in terms of the future bids actually. So let us wait for sometime and things will come out.
- Deepak Purswani:** Thanks a lot Sir. All the best.
- Moderator:** Thank you. Our next question is from the line of Ritesh Sonawat from ICICI Pru Asset Management. Please go ahead.

- Ritesh Sonawat:** Thanks for taking my question. My first question is what percent of traffic growth we can expect for financial year 2014-2015?
- Nitin Patel:** Ultimately you are asking that 2014-2015, means in FY 2015 what percentage of traffic growth?
- Ritesh Sonawat:** We can expect basically?
- Nitin Patel:** If I see April and May, if I see the two months, couple of months, we have seen as I mentioned Hyderabad-Yadagiri because it has gone up particularly Aurangabad-Jalna we have seen the traffic growth of almost close to 6% in these two months and this even in Bijapur-Hungund we have also seen the growth of almost close to three and a half to four months in this couple of months and Ahmedabad Ring Road also because there earlier it was because of the service road issue, but we considering the current numbers, it is seen that around 7% to 8% is there already in Ahmedabad Ring Road as compared to the previous year, but we are off the quite of the basically positive view that now the whole of the clarity so far as obviously the government formation, because lot of development is depending particularly upon when this government and clarity is there, policy decisions and everything, so now given the situation, we are off the very clear view that from current year onwards just within one year or two years time, we will see a significant growth in the traffic actually, which will end up into the complete change in the valuation metrics of all the SPVs actually.
- Ritesh Sonawat:** Second, can you throw some light on legal suit status of SEL and Partner for Bijapur-Hungund Road?
- Nitin Patel:** Obviously because in this Bijapur-Hungund we have already basically asked and as per the discussion held with the CLB, High Court has already banned the order of CLB, but again Company has decided that okay we will allow the partner to see all the books and everything because earlier also they have seen but they have also when raised the question in official forum, so we have also officially allowed them to basically verify. They have already checked all the books of accounts and everything. Complete audit of the tolling and tolling system and everything has been done by them and that means we are completely through. Also we have basically approached through the High Court and requested High Court, if possible to basically workout some amicable way out and we have also come forward to give some value from our side but ultimately it could not be worked out, so that is why in the interest of the Company and as well as because it is purely related party transaction, because the other partner is obviously the related party to the promoters so that

is why we would as a Company has decided to take a very clear and official view in the particular case actually.

**Ritesh Sonawat:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Naveen Jain from JM Financial. Please go ahead.

**Naveen Jain:** Good evening Sir. Sir, during the year FY 2014 what is the kind of incremental investment that Sadbhav Engineering SEL has made into a SIPL either by way of equity investment or by way of advances given?

**Nitin Patel:** Advances have no additional equity investment has been done. Only the advance is to the tune of around say 300 Crores has been given by Sadbhav to SIPL.

**Naveen Jain:** So, this 300 Crores essentially would have gone for equity funding of projects, right?

**Nitin Patel:** Obviously because mainly the equity funding of the projects. That is main requirement.

**Naveen Jain:** So, SEL would be charging some interest on this?

**Nitin Patel:** Yes, obviously. It is just 50 basis points higher than what is the cost of SEL interest.

**Naveen Jain:** So, around 12% odd?

**Nitin Patel:** Exactly.

**Naveen Jain:** What is the NCD raising that SIPL has done? What is the cost of that?

**Nitin Patel:** If we workout the PIPL cost it is around close to 12.2% and on a yield basis it is 13 quarters, but because this is a sincere money with two year moratorium and as per the arrangement first two years we have to pay 6% coupon from this principal amount profit only and from fourth year we have to repay 20% of the facility, fifth year 30% and sixth year 50%. So because of the structure arrangement, we agreed to basically, it is as good as the equity money actually so far transaction is concerned.

**Naveen Jain:** Sir, another thing in all your construction business now obviously you are quite optimistic in terms of the kind of order flow that this business can see going forward and we are also trying, we are also looking forward to a huge growth in this business, but I just wanted to understand given the limitation of government finances and given the fact that in this

business generally the working capital cycle has been pretty stressed from specially if you are doing government orders, so what is our view on this in terms of how really we look at this particular risk of working capital management in the construction business?

**Nitin Patel:** Particularly if I say because if you see the business on the Company as a whole it is in a two way one is the BOT part, the BOT part we do not see, except for the equity requirement whatever working capital is there actually it is coming by way of mobilization advance and all put together this is one thing. Second thing actually in all the cash contracts basically EPC contracts, so if you see the working capital requirement, which is there actually maximum say in terms of the stock arrangement and the debtors and all put together, so it is hardly around say stock arrangement will be around 45 days or 60 days of the stock arrangement and the debtors is also around 60 days, there are 74-day cycle actually. So we do not see a significant requirement and considering the current order book and the business, which is going to take place at Sadbhav Engineering level and also we are expecting some of the basically churning up at SIPL level, which basically will bring better whatever loans has been taken by SEL, so I do not see any other additional working capital requirement will be there at Sadbhav Engineering level at current future and near future.

**Naveen Jain:** If you can share what was the toll collection number for Rohtak-Panipat Project in the fourth quarter. I do not think it is there in the presentation.

**Nitin Patel:** Because Rohtak-Panipat has started in the midway of the quarter actually. So that is why basically it is not there but ultimately as of now because we can say that in March itself we were collecting around say 24 or 25 lakhs a day but in March ending from the date of starting we have collected around Rs.19 Crores of toll in the Rohtak-Panipat till March 31.

**Naveen Jain:** Similarly for Maharashtra Check Post, what was the number for the fourth quarter?

**Nitin Patel:** Maharashtra Check Post for the entire FY 2014, we have collected around Rs.31 Crores of the toll and because first was started in April then after second one in July then another one in October, November and this is started in current year actually. So currently if I say that the based on the current toll if we add another one, so we are expecting around close to around Rs.110 to Rs.120 Crores of the toll in FY 2015.

**Naveen Jain:** Sir finally can you share what is the debtor outstanding for more than six months at the end of FY 2014?

**Nitin Patel:** Outstanding debtors more than six months, there are the two basically mainly Rs.72 Crores from Dhule-Palesner and around Rs.38 Crores Rohtak-Panipat basically that money is yet to be paid by NHAI for the change in scope because that has been completed, so these two

are the major ones, remaining all are the small one, but all put together is Rs.160 Crores in odd.

**Naveen Jain:** Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Vinay Rohit from ICICI Pru Life Insurance. Please go ahead.

**Vinay Rohit:** Good evening Sir. Could you please give me breakup of BOT order book?

**Nitin Patel:** Total BOT projects basically on hand the order book is Rs.351 Crores. Project wise, if you take in Maharashtra Border Check Post it is around Rs.153 Crores, in Dhule-Palesner, which is outstanding is close to whatever work is balance actually, so it is around close to Rs.84 Crores and this Gomati ka Chauraha to Udaipur section is around Rs.685 Crores, Rajsamand-Bhilwara Rs.520 Crores and this Rohtak-Hissar is Rs.990 Crores and this KSHIP Karnataka State Highways Project, it is around close to Rs.684 Crores.

**Vinay Rohit:** That is total value or our portion only?

**Nitin Patel:** That is the total value of the EPC, 100% is going to be done by Sadbhav.

**Vinay Rohit:** Thank you Sir.

**Moderator:** Thank you. The next question is from the line of Ashish Agarwal from Almondz Globals. Please go ahead.

**Ashish Agarwal:** Sir in case of Mysore-Bellary Highway Project, how much are we expecting to get revenue?

**Nitin Patel:** Annuity amount basically is Rs.71.15 Crores semiannual, so Rs.142.30 Crores will come annually and total annuity is Rs.15, semiannual and annuity we will get from client if we complete the project as per the schedule following date. If we complete earlier then we will get the additional annuity. If we complete later then we will get lesser annuity.

**Ashish Agarwal:** Sir in case of rest of the three under construction project, how much are we expecting to get toll revenue in the first year of operation?

**Nitin Patel:** Off-hand detail is not there basically but ultimately if I see the number broadly on based on our model, this particularly Shreenathji-Udaipur we will be getting around close to Rs.105 Crores in FY 2018, this may be the full year of operation and particularly Bhilwara-Rajsamand it should be same around Rs.54 Crores. It is relatively smaller because there is

grant in this project mainly and this Rohtak-Hissar will be FY 2019, it will be around Rs.115 Crores.

**Ashish Agarwal:**

Thanks a lot.

**Moderator:**

Thank you. The next followup question is from the line of Devang Patel from IL&FS. Please go ahead.

**Devang Patel:**

Sir my question is on the premium restructuring and whether this will be one off scheme or it will be an open-ended on the tap where people can get revenue shortfall loans from NHAI and if it is a continuing scheme then whether this will eventually lead to concessional bidding very aggressively for projects expecting NHAI to rescue them eventually?

**Nitin Patel:**

As far as the approval scheme, the projects which got concessional agreement signed before March 4, 2014 only those projects will be eligible under the scheme. Any new projects basically will not be eligible under the scheme after this date.

**Devang Patel:**

We had applied for couple of more projects in this?

**Nitin Patel:**

There are three projects where we have given the premium. We have applied for all the three, out of which two where the construction has been completed so this two NHAI has approved now and the third one which is under construction, so NHAI has taken the decision in the board that once the COD will be achieved thereafter they will give the approval for this project.

**Devang Patel:**

The repayment of this loan, is it structured, how does the repayment happened?

**Nitin Patel:**

The repayment basically it is depending upon the toll revenue. The idea is that they have made given the basically senior lenders the priority or the premium payment. If after making all statutory dues, routine and major maintenance expenses and repayment to the senior lenders interest and everything, whatever surplus will be there on a yearly basis based on the originally agreed financial model by NHAI, so that surplus will be utilized for the premium if there is a shortfall then it will be deferred every year with a interest provision of around close to 11%.

**Devang Patel:**

The loan therefore that we get from NHAI when it is repaid so 25% of that repaid after a certain number of years or as and when there is?

**Nitin Patel:**

As and when there will be surplus but before the last one year of the concession period.

**Devang Patel:** So what is after servicing the loan, there is any surplus cash when traffic surplus cash builds up in the third or fourth year, do we start repaying the NHAI loan?

**Nitin Patel:** Yes, obviously it will be whatever surplus the NHAI will not be allowed to take dividend basically by the developers under these projects.

**Devang Patel:** Every quarter or every year would this be assessed?

**Nitin Patel:** Every year it will be assessed. Every year that will be decided after the post audit is completed, NHAI will decide, so every year we have to go and apply to NHAI.

**Devang Patel:** Is there any clause in this where we have to share revenue numbers with them on a real time basis for this restructuring scheme?

**Nitin Patel:** Obviously, it is there actually. The real time basis means the data first of all every month we are also providing the data to NHAI. Now one step ahead we have basically agreed with NHAI that we are ready to upload all the online data available in our server to NHAI's server actually, so wherein they can verify the numbers on a real time basis.

**Devang Patel:** Sir, in the project that they come out for the next year if there is a higher share of EPC projects, how would our strategy change in terms of bidding going for EPC projects and where do you see profitability in this cash contracts?

**Nitin Patel:** EPC whoever will do basically there are also, there will be some margin level particularly given the situation there are two, three things. First of all basically who will have basically equipment fleet almost everybody is having but only thing is that the ability to basically implement the projects within the time or within the cost that matters a lot actually because ultimately over the period it has been proved that all the companies even they are doing the EPC, they are not expert in construction of the highways. This expert in the sense just timely completion apart from within the cost also because company have completed the job but at what cost that basically does not basically there is a lot of difference between companies to companies. So we do not see any other challenge. We will continue to basically go for bidding in the EPC front also.

**Devang Patel:** Sir in the past year we have seen ticket sizes of more like Rs.500 to Rs.600 Crores, do you think also there will be projects of Rs.1500 Crores or Rs.2000 Crores on EPC business coming up?

**Nitin Patel:** EPC obviously one is this size of projects then it will be split basically but we are expecting the project size of close to Rs.1000 Crores will continue to come for bidding actually and



the NHAI will put some higher bidding criteria, so the large players will basically can come ahead basically smaller place basically cannot enter business.

**Devang Patel:** So the parent Rs.390 Crores loan given to SIPL, what would be the tenure of that or is it open-ended and the money is returned whenever they raise cash?

**Nitin Patel:** This is mainly a short-term arrangement. So the idea is that once say for example securitization money will come in Ahmedabad Ring Road that will be paid back to Sadbhav first and whenever it will be required then we will see it and in between that as I have mentioned that if any equity event at SIPL level or the basically churning of the SPV and everything takes place so that will even one SPV will be able to take care of all the requirements in any of this open project like this.

**Devang Patel:** The securitization amount from Ahmedabad Ring Road if Rs.250 Crores is raised, it may be used up in the equity requirement for this?

**Nitin Patel:** Obviously it will be raised ultimately. It will not be kept idle actually at SIPL level. SIPL will payback. So this is a short-term arrangement between SEL and SIPL. If required then only that money because if you see the equity requirement is over the period of two and a half years.

**Devang Patel:** Apart from the Rs.130 Crores, there is another Rs.150 Crores which would be earlier line of credit we have traced from ICICI?

**Nitin Patel:** The Rs.180 Crores it was there actually.

**Devang Patel:** Sir lastly on the tax credit in the last quarter, is this related entirely to the write offs that we have done or is there anything else?

**Nitin Patel:** That is mainly because of the EPC cash contract where we have basically approached to Income Tax Authorities for allowing us to give the 80 IA benefit actually so that has been considered by the authority and once the assessment is completed so that effect has been given and also almost all the money has also been received by the company from the tax authorities now.

**Devang Patel:** Sir for which years do this refers to?

**Nitin Patel:** This is for the current particular FY 2014 itself actually.

- Devang Patel:** For any subcontract that we get from SIPL for BOT projects, will be able to claim 80 IA on those?
- Nitin Patel:** Not that. Basically these are the mainly cash contract at SEL level. Those have got the benefit of this 80 IA generally irrigation and roads.
- Devang Patel:** Will this provision continue for next year and therefore what would be our tax rate guidance?
- Nitin Patel:** It will continue so accordingly tax will not be full one but we expect that average tax should be within the range of 23% to around 25%.
- Devang Patel:** When 80 IA was introduced there was litigation eventually after that and then contractors were not claiming it, but the developers were claiming it, so as a whole provision reversed again now?
- Nitin Patel:** Earlier basically based on the certain judgments and decisions, it has been allowed by the authorities now and we are now cleared that basically exemption and the refund has also been given by tax authorities.
- Devang Patel:** So, therefore should we also claim or could we claim refund for previous years where we have not been taking this benefit?
- Nitin Patel:** So that has been completed in all the years basically. There is nothing is pending for the previous year.
- Devang Patel:** So we were paying say closer to 30% tax in the earlier years if we were to be eligible for 80 IA it would have been lower and therefore can we claim credit based on the new judgments?
- Nitin Patel:** We have already claimed actually in earlier years actually. We already claimed in EPC contracts only.
- Devang Patel:** I probably have to take this offline. That is all from my side. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Nitin Arora from Emkay Global. Please go ahead.

- Nitin Arora:** Just one thing on the Maharashtra Border Check Post and the interest went down, what is the average cost of borrowing now and average interest cost in Maharashtra Check Post now?
- Nitin Patel:** As of now it is the same 11.75%.
- Nitin Arora:** What it would be in the Dhule?
- Nitin Patel:** Dhule as of now it is 11.65%.
- Nitin Arora:** Sir Hyderabad-Yadagiri?
- Nitin Patel:** 11.25%.
- Nitin Arora:** In ECB, which we have taken in the Hyderabad-Yadagiri and Rohtak-Panipat as well as in the BSCPL, so the average cost of borrowing on all these projects would not be more than 8% to 8.5% then?
- Nitin Patel:** The average cost basically is considering the hedging cost and everything it is coming around close to 10%.
- Nitin Arora:** Sir just on this tax write-back, the 80 IA benefit we took it from because the EPC contract, which was the major contract Chhindwara, so on that account only on the Chhindwara project, we would have got that claim right? Is that a correct reading because rest of the EPC contracts...?
- Nitin Patel:** One irrigation contract in Lower Ganga that had a significant basically also because Rs.95 Crores of the turnover has been achieved in FY 2014 itself.
- Nitin Arora:** Sir you correct me if I am wrong because that project size also needs to pass the threshold to claim back that tax. That is why the earlier which were you raising that the we did not have that bigger projects so there should not be furthermore tax claim that would come in the future?
- Nitin Patel:** Obviously it is depending upon the size of the projects, but the particular size of the projects will come for the bidding, obviously we will continue, particularly EPC cash contracts are there and mainly irrigation and the roads, I think we will be eligible.

- Nitin Arora:** Sir I am just talking on the existing ones, existing ones in Chhindwara still we can claim more of it but not apart from Chhindwara there is no other major contract, which will fall into the ATI from the existing one.
- Nitin Patel:** I have to check the entire list basically. It is not offhand available.
- Nitin Arora:** I will take it offline Sir. Thank you so much Sir.
- Moderator:** Thank you. As there are no further questions, I now hand the floor back to Mr. Nitin Patel for closing comments. Thank you and over to you Sir!
- Nitin Patel:** On behalf of Sadbhav Engineering Limited, I am very much thankful to all the participants who have taken their valuable time for understanding the business and it is a real fact that basically from the continuous interaction from all of you has given a lot of basically in a sense of the complete economy and market and we are also very much thankful to all of you again for basically continuously chasing the company in a right perspective and thank you to everybody over the floor.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Sadbhav Engineering Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.