



“Sadbhav Engineering Limited Q1 Financial Year 2015 Earnings Conference Call”

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Moderator: Ladies and gentlemen, welcome to the Q1 FY 2015 results conference call of Sadbhav Engineering Limited hosted by Emkay Global Financial Services. We have with us today Mr. Nitin Patel, Executive Director & CFO 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 Arora, Research Analyst of Emkay Global. Thank you and over to you Mr. Arora!

Nitin Arora: Thanks Karuna. Good evening everyone. Thank you so much for joining us on the conference call of Sadbhav Engineering for the quarter ending Q1 FY’15 earnings. First of all I would like to thank the management also for lending us this opportunity to host this conference call and we will first have an opening remarks by Mr. Nitin Patel, The Executive Director and the Chief Financial Officer of the company and followed by a question and answers round. So I will just hand over to Mr. Nitin Patel.

Nitin Patel: Good afternoon everybody. On behalf of Sadbhav Engineering Limited, I warmly welcome all the participants to the earning call of Q1 FY 2015. As we all are aware currently we are in the phase of transition in the infrastructure industry with the new majority government at the center. We will first discuss the major update in the infrastructure space to the extent it is related to the Sadbhav Group. On the highways and transportation sector, on the road ministry front we all very much thankful that handful of meeting have been taken place between all the stakeholders. So as to appraise the ministry of the road blocks in execution and we are hopeful that the hurdles to execution would get away in the near future thereby adding to the overall growth of the industry and country.

On the NHAI front many projects have already come up for bidding in the EPC segment with the decent ticket size while on the BOT segment we expect new projects to come up in second half of the year. Even on the BOT projects we are confident that all the clearances, approvals and land acquisitions would be in place at the time of bidding unlike earlier and we at Sadbhav are fully geared up to take these opportunity in a transportation as well as highway sector, which we see the large potential is likely to come within a short period of time.

Now in the irrigation and mining particularly in irrigation I would like to share our experience in Gujarat state. During the tenure of Mr. Narendra Modi when he was a Chief

Minister of the state and it is evident in the entire country that Gujarat is the only state who has continuously focussed on the irrigation project during last 10 to 12 years when Mr. Modi was the Chief Minister of the state and followed by Madhya Pradesh, which is already is focusing during last four to five years in irrigation sector. So our experience particularly of the working style of Mr. Modi is that he has given a major trust to resolve the water problems mainly for drinking water as well as irrigation and to reserve the water issues of the industries also. So that has resulted in today that the Gujarat is having almost majority of the part of the state has got the clean clear drinking water as well as irrigation network has increased substantially and the pace which is going on as of now. So obviously state is going to be benefited over the period of time. So that experience can be replicated in the country itself. So being our presence in irrigation sector we are very much bullish particularly that these sectors may flourish over the period of time and we expect a huge number of business opportunity in these particular sector.

Now coming to the mining also I would like to share that obviously again a lot of thrust has been given by the new government particularly to resolve the issue of the coal shortage and recently because as Sadbhav we are executing lot of projects for Coal India subsidiaries and the Coal Ministry has intimated then they can go ahead for additional 25% output with the same number of contracting team without any tendering process so that itself shows that the thrust has been given by the government to basically increase the coal production activity. Apart from that we are of the view that the large number of coal blocks, which was basically stalled because of the various issues pertaining to environmental as well as the forex clearance.

These are going to also to be resolved within a short period of time. So we expect again there will be a good and sizable opportunity in mining sector for coming period of time. So all put together we would like to basically emphasize that all the three sectors where the Sadbhav Group is having the presence these sectors are likely to now come in a big way over the coming period of time. So we are very keen to basically explore the opportunity which is coming in the sector for the company.

Now on the final stage of the infrastructure projects various states have also been declared by Reserve Bank of India as well as SEBI and these are the very significant steps particularly and according to us this is the basically steps, which has been declared recently. This will ease out the process of taking out the money, which had already been invested by various infrastructure players for the infrastructure projects over the last couple of almost around a decade last decade. So we see this will be a very good move by the government and this will ease out the issues pertaining to the basically taking out of the investments

made by various companies into the sector and also this will again measures which has been taken we are of the view that this will help in reducing the cost of capital and also changing the way BOT projects are valued in India. So apart from that our internal assessment in many ground activities are going on all the front right now from new projects to execution to change in funding instrument, which will provide immense opportunity to grow with high generating cash flows.

So now let me start with the summary of this quarter's standalone financial. Revenue for the quarter has increased by 22% to 685.5 Crores against 563.2 Crores last year. Also EBITDA for the quarter has increased by 24% to 71.5 Crores as against 57.8 Crores for the last year of the same quarter and profit after tax for the quarter was stood at 27 Crores as against 16.1 Crores during the last year of the quarter. Also the EBITDA margin for the quarter stood at 10.43% as against 10.26% in same period of the previous year. During our meeting in the board during yesterday is basically the management is also confident basically in improving the EBITDA margin further in the coming quarter.

On the execution business, I would like to share some basically development and as well as basically how the quarter has basically resulted particularly Chhindwara project has contributed revenue to the extent of Rs.174 Crores in Q1 of FY'15 and balance working debt project is around the 290 Crores including the price escalation. So we expect the project to be completed by end of November 2014 while in second half of the year we expect that the work of KSHIP actually particularly the Karnataka State Highway project, which company bagged and as well as the Rohtak-Hissar is going to pick up in a substantial way. So these two projects will also generate handsome basically topline as well as the margins for the company during the second half of the year and also the Shreenathji-Udaipur project has alone has contributed 153 Crores of the turnover during the quarter under report.

So this is particularly in road sector and we expect the mining and irrigation to contribute at the same rate of the coming quarters of this financial year actually, which Q1 has shown. Now coming to the BOT business we have already shared the total revenue numbers in the first week of July as evident from the Q1 numbers and also from the numbers till date traffic has improved significantly providing leading indicator for likely economic growth in the coming months. We have seen the exponential growth in the past also once economy revives particularly our experience in and Ahmedabad Ring Road Aurangabad-Jalna we have seen the manifold growth in terms of the traffic when the GDP continue to start growing actually and also we believe that coming two three quarters remains crucial to establish the upward trend in the basically tolling business.

Now also I would like to share here some updates in the BOT business during the quarter. The first is the Hyderabad-Yadagiri and Rohtak–Panipat Company has signed the supplementary concessional agreement with the NHAI to implement the premium deferment proposal for the current year we envisage that the entire amount to be deferred for the forthcoming year. Now during the quarter the toll revenue have started at three Check Post in Maharashtra Border Check Post Project particularly these three Check Post are the Hadakhed, Varude and Omerga, which has been started somewhere in the month of May and currently the toll collection is going out at nine Check Post out of the 11 for which we have company has already received the commercial operation date certificate from the client and out of these nine Check Post company is collecting around 25 lakh of the toll per day as per the last one month average actually.

Now in Ahmedabad Ring Road, AUDA has provided the permission to implement height barrier on the service road post which we have witness every commercial vehicles are not being able to fly on the service roads and thereby year-on-year traffic growth has turned positive after 24 months. So this is also a significant move actually in Ahmedabad Ring Road. Even in the Rohtak–Panipat Project from the month of COD that is January 2014 till now we continue to face allegations from some local people actually mainly because of the political event because in May there was election of the Central Government and as well as the state government there is also election of the State Government just within a couple of months. So these issues continue to remain. We are constantly basically in touch with NHAI for coming out to resolve the issue but we are of the view that once these election process will be over these things will be set right and normal traffic will come basically we will be able to collect the complete almost around more than 95% to 98% toll collection on this particular project. So this is particularly on these BOT projects.

Now we believe that the many of the EPC projects to come up in the coming quarters from all the segments and as I have mentioned earlier that we are quite hopeful particularly to start with the road sector or because we are constantly monitoring activities happen at NHAI level and we clearly believe that the EPC projects particularly in the road sector are likely to start flooring within a couple of months and it will continue to basically come over the period of time. Now also considering this we also at Sadbhav we are confident that the good sizable amount of the order book be added by the company with good number of margins basically obviously we have to see the reasonable bidding also. So that the company can basically get the reasonable margins on the new bidding also.

So this is mainly in terms of the business and as well as the quarterly results and I am again thankful to all the participants basically for taking the time actually and listening to me and

I would now request the floor basically to have the questions and pertaining to the numbers of the quarterly results. Over the floor please. Thank you very much.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Devang Patel from IL&FS. Please go ahead.

Devang Patel: Nitin Bhai, Sir what kind of bidding mix are we expecting what kind of projections pick up between EPC and BOT by the end of the year what kind of mix do we expect so the NHAI has a 50-50 EPC-BOT tender that they come out with during the year?

Nitin Patel: Now based on some discussions actually at NHAI level many of the projects now turning up into the EPC this is one thing and also on BOT basically the NHAI's view is that now that the according to their assessment particularly NHAI's assessment when the project can be bid with the maximum of 20% of the viability gap funding if according to their internal assessment so I think those projects will come for the BOT bidding actually. So about the 20% grant if according to NHAI's assessment if the grant is going above 20% or there is more likely chance that these projects will be converted into the EPC by the NHAI. So this is the some different kind of move actually but obviously this will lead to a large number of projects may go for the EPC basically and later on NHAI may start toll collection and what is to be done based on the revenue generation it is the NHAI will decide later on. So this is particularly in highways sector.

Irrigation obviously basically this will take another five to six months according to us basically because lot of these irrigation projects to design takes a little bit more time but we are of the view that these projects particularly where the water scarcity is there and the particularly drinking water and as well as the water for the irrigation purpose if because of these some development this water problem can be resolved for the large number of land area actually so these new projects are likely to come in irrigation sector in these kind of areas. So almost many part of the country will get the irrigation project recently the Karnataka government has started the various projects and we are of the view that the almost around 4000 to 5000 Crores of the irrigation projects are likely to be finalized in Karnataka within a couple of months actually. So already tender has been started floating. So this is an irrigation front and in mining obviously because you have seen that during obviously last two quarters the mining business is growing but again we are getting a lot of feelers particularly huge number and large number of contracts are likely to come particularly in mining also and obviously the company will be interested to take up these kind of projects with the longer term basically contract. So there we can sustainable revenue

and as well as the margins can be earned by the company. So this is particularly so far as the sector is concerned.

Devang Patel: Sir may question was on a different line, assuming that NHAI has a 50-50 mix of EPC and BOT. What is Sadbhav's focus be this year and I am sure you will be bidding for both the EPC and BOT but for road projects what will be the priority for us?

Nitin Patel: Particularly in both ways I would like to put in a different way. EPC we are basically geared up to take up the projects in mostly any part of the country barring from four five states only but in BOT obviously we will have some kind of reservations if the certain part where the company is normally focusing the area there the projects are coming there obviously we will go for the bidding if the projects are lucrative because in BOT the difference is there. There will be the very few players will be there for the bidding basically and likely to get the projects at obviously reasonably good margins is very high number one and in term of the EPC obviously the projects will be more but also there EPC also is having it is own parameter. So we will continue to focus in both the place actually and BOT in our area basically this geographically we are okay so that we will continue to bid in BOT also.

Devang Patel: Sir extending further on what you said is it possible that margins in some of the northeast states will be higher than the margins you get otherwise and therefore would the company pursue those geographies where we have not stepped out yet?

Nitin Patel: Margins obviously is something when we have to work in hill area and some tough area when the rainfall is higher actually four, five, six months actually of the average. So obviously the cost basically for execution will go up but particularly in our case normally we see that the balancing activity is more important rather than the basically purely going on the some of the areas where the margin is very, very higher but ultimately it may end up also the possibility that it may end up because of the more time we will require to complete the project and ultimately it may hit out the margins also. So our experience particularly in road sector is that we have to choose very judiciously and more particularly BOT project. EPC obviously there basically the cost it will be the passthrough. So some calculations my making we can go to some of the areas when the margins are good.

Devang Patel: Sir a bookkeeping question on the increasing depreciation of would the increase be largely related to mining equipment and so what is the useful life that we assess now across these segments?

Nitin Patel: Actually depreciation has increased because of the change in the depreciation policy in the New Company's Act 2013 so because of that earlier we used to provide the depreciation on the ERC for longer years, 12 years or 14 years or some of the plants and equipments, which are having the longer life but now the New Company's Act have defined that the maximum number of years when we have to provide the depreciation. So because of that change now the depreciation amount has started increasing actually.

Devang Patel: That is understood. Is it related more to the mining equipment the higher depreciation because of larger wear and tear there and more life?

Nitin Patel: No it is mainly spread over the basically almost all kind of mining as well as road equipments also because road equipment we were providing the depreciation for a longer period of time now it has been shortened mainly in the road sector actually so that has also contributed basically from increasing the depreciation.

Devang Patel: Also the tax rate which is lower this quarter is that also because of the depreciation only?

Nitin Patel: Because of debt the deferred assets have been created rather than the liability. Normally every quarter there is a liability because of the depreciation impact but because of the increased amount of depreciation asset has created and net tax has come down actually in the quarter.

Devang Patel: What is our tax rate likely to be for the rest of the quarter?

Nitin Patel: Except for the basically pure cash contract what we are doing like Chhindwara and everything where debt we are eligible to get the minimum alternate tax actually but rest of the projects we are paying the full tax. So it will be a hybrid kind of scenario but it depends on which kind of projects are going to be executed over the period time. So broadly we can take that the basically the EPC pure EPC contracts will attract the lower tax particularly and every quarter every project what is the margin in each projects. So it depends upon the margin numbers also for the project to project.

Devang Patel: Sir just a broad number you could give for the full year for the tax rate we could expect?

Nitin Patel: Broadly we can take that obviously because based on the current order book I can tell that we will end up from around 24% to 25% of the tax.

Devang Patel: That is good enough. Thank you so much and all the best.

Moderator: Thank you. We have next question from the line of Nainesh Rajani from Tata Mutual Fund. Please go ahead.

Nainesh Rajani: Good evening Sir. Just couple of questions firstly if you can give me the breakup of your revenues in terms of construction, irrigation and mining I actually missed out on that Sir?

Nitin Patel: Total is 685.51 Crores is divided into the transport sector has contributed 479.34 Crores out of which BOT project has contributed 280.21 Crores and EPC has contributed 199.13 Crores and irrigation has contributed 67.84 Crores and mining sector has contributed 136.37 Crores. 1.96 Crores is from the power generation.

Nainesh Rajani: Sir just two broad questions from my end first of all Sir what is the kind of equity requirement that you have for the current projects that are actually under construction and second going forward if BOT projects do come up in the next couple of years how are we financially placed and how many orders can we actually bid for in terms of what is the equity funding that we have for new project that can actually come up in?

Nitin Patel: First of all the balance equity requirement for ongoing project is almost around 250 Crores. So and mainly your second question is basically in future if the new projects are coming so how the company will be in a position to make the arrangement for the equity. The main is the obviously there are now the other units already have been opened earlier according to me it was somehow first of the securitization of the asset. Second one was obviously monetization of the asset and third one obviously the raising of the equity at Holdco level. So this is the three option was available. Now according to us now the option for converting the basically the new projects whenever it will come from a longer basically now that 525 scheme and everything has come up so obviously that this will also change the debt equity mix for the upcoming project number one. Second thing the new trust structure obviously it is just came actually just yesterday it has come up final basically status has come up but according to our assessment this is also one of the good way of taking out basically money basically what company has already invested in the project. So that will also be generate the basically pure equity kind of money for the future development.

Nainesh Rajani: Sir but at the Holdco level or at the parent level are we tending to at what stage are we yet to divest the part on the subsidiary?

Nitin Patel: First of all I would like to put in a different way. According to shareholders agreement what Sadbhav Infrastructure Project Limited has agreed with the investors so obviously we have to given them the exit route within a period of four years time which is going to end in

September 2014, which is one year grace period. So obviously the company has to work out the possibilities of giving them the exit route as per the agreed manner. So as far as the shareholder agreement we have agreed two things either to go least to the FIPL or demerge Sadbhav Engineering and FIPL. So the investors can get an exit route smoothly for their state actually.

Nainesh Rajani: By when are we expected to do either of them Sir?

Nitin Patel: Obviously there is a one year full grace period is there actually. So now we will evaluate the possibility particularly, which will be the best option we will sit with them also and according to them after the structure will be finalized according as per we will go ahead for the structure and we will announce whenever the appropriate time what we are going to do actually with the investors.

Nainesh Rajani: That is all from mine.

Moderator: Thank you. We have next question from the line of Achint Bhagat from Ambit Capital. Please go ahead.

Achint Bhagat: Good evening Sir. Just one question on your debt what is the standalone SIPL standalone and overall debt into the company right now?

Nitin Patel: Sadbhav Engineering you mean to say that standalone construction business. Construction business standalone debt is around 910 Crores. So almost I think it slightly came down which was there of the last quarter actually and in FIPL level we are having the total debt of almost around say around 200 and some 80 to 90 Crores order.

Achint Bhagat: FIPL is 280 to 290 Crores is it.

Nitin Patel: Correct.

Achint Bhagat: Because the last updated information that I have was that 130 Crores NCD, 180 Crores from ICICI and 250 subordinate from SIL to FIPL is that correct?

Nitin Patel: I got the point. I am taking the third party debt actually so now if I have to consider that 250 from Sadbhav at FIPL level. So on consolidated level it will be merged actually. So then I have to reduce that amount from Sadbhav debt to categorize it.

Achint Bhagat: Just one more thing in terms of the money receivable from Dhule and MBCP I think it is closed to 170 Crores what is the status of that Sir?

Nitin Patel: Dhule we are now in the process because the arrangement with the HCC is we are basically in a process so we expect that within almost 1.5 to 2 months time we will get a substantial portion of the money back particularly and MBCP and actually we have already now issued a letter to the lenders of the project. So once it will be worked out by them obviously the amount has been certified by independent engineers of this as well as the lenders engineer also. So we hope that once if the process will be over and the approval from lenders is through so we will be able to get that money actually back in Sadbhav.

Achint Bhagat: Okay and will the payment be staggered or you will get the entire 100 Crores or how will I mean how much you expect basically my question is that how much of that money will come in FY'15?

Nitin Patel: Approval will be given at a one go but obviously the payment mechanism of getting the payment mechanism basically linked to the basically the completion of the Check Post actually. So lender may impose that. We hereby approve the basically cost you have incurred but it will be basically paid once the certain Check Post will be over then suppose accordingly you can make out the money.

Achint Bhagat: Sir in terms of the employee cost I noticed that your employee cost has increased. I think it is reduced about 80 BPS from your margin in this quarter. So what is this increase in employee cost on account of?

Nitin Patel: This is mainly because the another four to five, four contract particularly in mining sector has taken of now and now as per the new prevailing law particularly in mining sector the minimum wages, which was earlier say around near to 8500 or odd which has gone to around 14000 and odd actually. So because of that some impact is there actually but this has already been considered during the time of your bidding cost effectively.

Achint Bhagat: So basically we always worked in the assumption that mining is the higher margin business. So post this adjustment also is it safe to assume which is 17% to 18% margin business or this could actually drop to say 12% to 13% because what I am trying to get out is that is 10.4% EBITDA margin a steady state or you can reach 11.5% as mining mix goes up?

Nitin Patel: Actually if I put in a different way because mining because as of now we are operating at 14 locations so four has been started new. So obviously when the new projects will be started

the margin level will be even higher than the 18% or 20% level but when the older project when we go deep and deep actually so obviously that particular quarter because of the additional cost of the basically running of the equipments as well as the additional diesel cost everything the margin will be upside actually. But on an average for the entire project you will make almost 17% to 18%.

Achint Bhagat: So basically the 10.4% can actually increase as and when started the processing the mining orders?

Nitin Patel: Our new project it will continue to go and older projects when it will be completed this year itself we are going to complete another four to five projects mining set it will be completed.

Achint Bhagat: One last question in terms of the bidding of the BOT contract. Now I understand that you said that you are expected to pick up from the second half but have you seen any bidding action right now I mean some projects coming up. Anything that the NHAI has come out with has there been any kind of product bit that are coming up right now also.

Nitin Patel: Exactly now you are asking for the BOT right. The BOT obviously initially NHAI has basically started pressurizing the existing developers who have already taken the project but now finally since that these projects are not going to be taken of so now they have started dividing in the two parts, which is to be converted into the EPC or which is to be converted into the BOT. So these things they are in a process now but obviously for EPC they have to go for the complete detailed designing and everything but for BOT also they have to go for the change in the project cost now. So that process is going on so we expect that another two months will be taken by NHAI to complete these process because of the change in the prices and other factors and everything basically what will be the revised project cost so that they have to finalize and get the internal approval. After two months we expect that these projects will start coming for the bidding.

Achint Bhagat: Sir I just step in one last question in terms of that RBI's circular that had come out the 525 in the bank and the restructuring bit so do you think it can impact project higher or it just basically to what is the likely impact that you see on infrastructure company like you Sir?

Nitin Patel: Two three things actually if I will put in a different way particularly infrastructure project when the repayment normally is getting started early okay so obviously the bank will have a leeway basically to give the moratorium of say more than three, four, five years period actually. So this will obviously benefit because the sector has seen that the initial year particularly the completion of first major maintenance. It will be little bit difficult for the

infra projects to basically start repayment actually. Later on what post first major maintenance is over obviously there will be the some gap will be there for the additional cash will be there and that can be utilized for the repayment. So this 525 obviously been help this basically to design a structure in such a way that the longer period funding can be made. This is one thing and second one particularly the refinance obviously it will improve basically IRR on the equity returns actually. So once it will be refinanced and that will not be any additional provisioning and after once the refinance is there the various options like bond kind of structure and everything can be done some fixed kind of payments can be made actually. Even this credit enhancement can also be done for the refinance project so that will obviously bring down the interest cost and the repayment period will also be basically to become a longer retail period can be utilized and it will definitely improve the margin.

Achint Bhagat:

Thanks.

Moderator:

Thank you. We have next question from the line of Viral Shah from SBI Cap Securities Limited. Please go ahead.

Viral Shah:

Nitin Bhai, first of all you said the equity requirement for the company is around 250 Crores. Can I have the breakup project wise?

Nitin Patel:

The Shreenathji-Udaipur we have two funds around 200 Crores, Rohtak-Hissar 35 Crores and Maharashtra Border Check Post is around 16 Crores.

Viral Shah:

This is for the FY'15 or for FY'16.

Nitin Patel:

Both years 2015-2016 put together. I think the spread is almost 50-50 between 2015 and 2016.

Viral Shah:

Secondly just wanted to check you had given a press release in the month of July for the BOT project right and you have even one more press release yesterday so there is a difference between the toll revenue mentioned. So that is the other income if I am not wrong. Say for example Ahmadabad the revenue which was given in July 118.14 million while yesterday press release say that 192.7 million?

Nitin Patel:

That is mainly the advertisement income is being added here. That is total income from operations actually. Earlier when we have declared it was the only the toll revenue was there right so this is the operational income, which includes the other income also.

- Viral Shah:** So it includes the other income also. That is from my side. Thank you and all the best.
- Nitin Patel:** Thank you very much.
- Moderator:** Thank you. We have next question from the line of Denil Savla from Angel Broking Limited. Please go ahead.
- Denil Savla:** Good evening Sir. Actually I just wanted to understand your future prospect about the order book. So what kind of growth or probably what kind of order inflows you are expecting which next one or two years. Because I think now the economy is now has been stabilized and more and more orders would be there. So just wanted to understand your outlook on your inflow and order book?
- Nitin Patel:** I would like to put in a different way little bit if I can share that one is the road sector particularly today we are working mainly on the five main projects in the road sector. One is the Chhindwara, second is Shreenathji-Udaipur, third is Bhilwara-Rajsamand, fourth is Rohtak-Hissar and fifth one is Mysore-Bellary, which is about to start from second half of the year. So these five projects out of the five Chhindwara are going to be completed in November. Shreenathji-Udaipur, Rohtak-Hissar and Bhilwara-Rajsamand are going to complete by June 2015. All the three will be so the full year all these project particularly this will continue to generate by one year. So by keeping in mind particularly and more of it probably mostly what is happening road sector normally the first all the as far as all the kind of equipments are getting freed actually and after the all pertaining to the metal and bituminous and this will continue basically so that resource is we have to deploy to the new projects particularly. So normally we will continue to so today we are working on the five projects so in terms of the kilometer you can say that almost we are working for the 500 to 600 kilometer of the road project parallelly actually and these are going to be completed say just within a period of we can put it 24 months normally on an average. So on early basis we can execute almost 250 kilometers to 300 kilometers on a yearly basis. So now this will have a some more basically incremental thing actually. We are this is you might have seen that on yearly basis we have increased the capacity also. So now if we convert into the same so obviously the 600 kilometer if I have to go for the bidding actually to get the job so almost the cost is almost around over in between 8 to 12 kilometer that you can put basically the number that what kind of road business we have to focus number one within a one year. Second thing obviously irrigation and mining as I have pointed out that irrigation is likely to get big **BOT** projects actually and there because of our presence and having a good experience in the irrigation sector so there is a likelihood chances to get more projects particularly outside the Gujarat and Madhya Pradesh state actually. The only thing we have

to see that the how the funding mechanism is being linked actually for these projects and for mining obviously we are continuously every year we are increasing the mining capacity today almost this year we will do 70 million cubic meter of the mining actually in the button removal. So just six years we have doubled the capacity actually. So we have reset capacities also likely to come up where it grows over the period of time.

Denil Savla: Okay so basically why I was asking is I just wanted to understand how you will be able to fund this projects if either of the orders comes in terms of road also the irrigation and the mining. So just wanted to understand whether what kind of or at current phase what kind of the run rate you expect based on your internal accruals. I am not talking about the external equity which is available that is over and above.

Nitin Patel: Internal accruals if you can see the current year we will be able to generate minimum 150 to 180 Crores of the cash profit. Apart from which was also the last couple of years that we have added. Apart from that actually what we can say that this actually the new project whenever we go for the road projects obviously that there is getting out the interest fee or the mobilization advance kind of basically for taking up the projects. Third thing obviously the capex if you see the company has incurred a good sizable capex actually so far as road and mining sector is concerned. So for that we did not have to worry somehow if have to add the 6 kilometers so almost all the equipments is available. So we do not have to commit additional fund for incurring that capex also. Okay so obviously these are the sources and lastly as I have mentioned earlier that the FIPL level actually whatever suppose if FIPL has to repay some money to Sadbhav Engineering within a period of 1 to 1.5 year whatever way actually FIPL basically generate the money actually. So that will be come back to Sadbhav obviously it will again that will be utilized by the Sadbhav for the further development of the company actually.

Denil Savla: Second question I just wanted to understand what kind of revenue probably what kind of toll revenue expect from these three projects which are under construction like Shreenathji-Udaipur and Rohtak-Hissar and third one which is at initial stage I think.

Nitin Patel: The Rajsamand right. Toll revenue actually I put in a particularly in Shreenathji-Udaipur the first year basically the post we are expecting the toll revenue to the tune of around 107 to 110 Crores and particularly this Bhilwara-Rajsamand it should be within a range of around 32 to 34 Crores as far the assessment made by the lender actually. Because lenders they have made the complete diligence actually before agreeing for the financial close and Rohtak-Hissar actually as per the assessment is almost around within 130 to 135 Crores.

Denil Savla: So I think one if you start receiving once all these projects are concerned so again you will be able to generate a very I mean more than 200 Crores of free cash flows post to I mean I am not talking about this year but may be two years down the line.

Nitin Patel: This is basically the topline actually toll total revenue. So obviously basically that will be utilized for the servicing of the existing debt whatever is there actually.

Denil Savla: Fine that is all from my side.

Moderator: Thank you. We have next question from the line of Devam Modi from Equirus Securities Pvt. Ltd. Please go ahead.

Devam Modi: Devam here Sir to begin with just wanted to understand the breakup of the 910 Crores debt across I mean term loans and equipment loans and all those things the standalone debt of 910 Crores.

Nitin Patel: It is like that equipment loan is around closed to 290 Crores and term loan actually which is there in the books it is 175 Crores earlier STDs are outstanding and the working capital I think the outstanding will be to the tune of around 300 Crores, so all put together it is last one is some 120 Crores of the NCD what company has raised basically.

Devam Modi: So part of the term loan and the NCD would have gone towards the loans and advances given to SIDS.

Nitin Patel: Yes part of the same obviously. So different way if I would like to put in a different way SIPL phase might to set down in either way, so obviously Sadbhav will be again come down to leveraging of around between 0.5 and 0.6.

Devam Modi: So that was the point I mean what you just shared you basically I think what the plan is over there. Is the plan that if you are able to securitize Ahmadabad Ring Road when you are probably brings up the capital at the SBI level and reducing the debt over here or what is the understanding on that?

Nitin Patel: That process we are obviously we are continuously having a lot of dialogue with AUDA Ahmadabad Urban Development Authority okay because we are having the only concession and it is not the organization like NHAI basically because NHAI use the clearance very clearly there is a clear policy is there actually because in Mumbai we already got the securitization money has already been received in the SPV. That way these people are

basically now evaluating that in a process of getting the approval from government and everything so obviously it will take time but in-between that whatever requirement was there I mentioned that SIPL level we have made the arrangement of 130 Crores or a long-term basis actually by way of the NCDs. So that without so to in order to avoid any pressure on the Sadbhav Engineering. So that is the case and more or less you can see that the 175 Crores the NCD, which is the outstanding in the books of Sadbhav that have been utilized for increasing the stage in SIPL by the company actually, so that is also it is having clear cut asset by way of the making the investment that has been generated by the company.

Devam Modi: The two increasing stake that happened because of the 280%.

Nitin Patel: Exactly.

Devam Modi: Just one thing on the ARR Aurangabad Ring Road securitization now almost two or three quarters have passed and earlier the Aura approval was passed out by the local approval which would be coming easily given the company's strength in the region but now I think what you are saying is that the approval will not come through very easily so it will take much more time even from now.

Nitin Patel: They seek the approval from government side so because of the last two three months because the election process was there so lot of people were engage actually in that process. Now the things has been stabilized so it has started moving post to the getting the opinion from the advocate general because advocate general has given the positive opinion for this actually.

Devam Modi: So you would expect that this would work out within quarter or so the Aurangabad Ring Road securitization.

Nitin Patel: Also it should happen actually because government has to now act very fast. We are now basically we have given the examples of NHAI also that so they have now understood and recently the Madhya Pradesh government has also done particularly state government this kind of securitization arrangement, so that data has already been shared by him. So we expect that this will be now the finally government will move.

Devam Modi: For book keeping purposes just wanted to know what is the CWIP as on March 2014 in the console level.

Nitin Patel: The capital working progress just a minute.

- Devam Modi:** CWIP as per the end of quarter that is March 2014 number.
- Nitin Patel:** Capital working progress particularly at SIPL level you mean to say right.
- Devam Modi:** Yes at a console level even at SIPL level will be useful.
- Nitin Patel:** Obviously because at Sadbhav Engineering there is no any capital working progress obviously expect for someone billing was under basically finishing so only to that extend it was there that case remaining actually in these three four projects almost I think around it should be to the tune of around closed to 2000 to 2100 Crores.
- Devam Modi:** Right now MBCP is being considered as a CWIP or it is.
- Nitin Patel:** It has been segregated in two parts. The company did Check Post the 11 which has already received the COD including all the components or debt cost actually including the afferent payment made to MSDC including IDC and everything being made if it being capitalized and remaining is under capital working progress.
- Devam Modi:** So currently what amount of MBCP is capitalized?
- Nitin Patel:** I think around for the 11 Check Posts it is around closed to 730 Crores.
- Devam Modi:** Debt of this would be.
- Nitin Patel:** 80% of the same.
- Devam Modi:** So basically what we mean is here the interest servicing and everything will begin.
- Nitin Patel:** Obviously this has already we are already started actually because interest we are already paying because 11 Check Post where the capital already been converted and it has been capitalized now so that interest on that has been made from out of the toll revenue actually.
- Devam Modi:** Correct and Sir on this earlier we had expected that the toll collections from this 9 Check Posts would come up to something like 29 lakhs. So right now we are able to do something like 25 so what is our expectation over here and how much do we expect entire 11 come in.
- Nitin Patel:** It will match according to our assessment it will met because we have made a traffic assessment and everything earlier when we have started mainly the Hadakhed Check Post that the toll revenue was hardly 1.5 lakh a day actually. Now it has reached to 7 quarter

lakhs a day. But according to our estimate it should be around 9 to 9.5 lakh a day actually. So once it will be there and one another check post there is basically initially it was now it has also come up in a stable way but all put together we see the another trend like 3 to 3.5 lakh whatever will be increasing all these 9 Check Posts.

Devam Modi: Just on the mining side we do not we are unable to understand what you shared. I think what you basically share was that the older orders will carry a lesser margin in the initial part of the order you have a higher margin and right now we have got more older orders going on out of your 14 orders that is why your margin from the mining segment is lower is that correct.

Nitin Patel: No it is on quarter-to-quarter it got changed see what has happened normally if I have to see the total quantum executed in the quarter out of that quarter when I have to mind in a very deep area say more than 50 meter 80 meter deep if I have to take the material obviously the cost of that taking will be little bit higher than the taking the material between 0-25 to 30 meter actually. Every quarter that ratio got changed but on an average basis actually if I have to complete the project right from the beginning to end so that margins we will able to make actually.

Devam Modi: Basically what kind of average margins would we guide for each of three divisions?

Nitin Patel: Obviously average has I have mentioned that mining sector it is 18% to 20% obviously normal cotes we have made actually at EBITDA level and road sector again it ranging between 11% and 12% is there and irrigation around say 7% to 8% normally.

Devam Modi: Okay sure sir because when we do the match with this kind of numbers basically your margins actual margins stand out to be lesser than what the calculated margin should be based on this calculation because generally then in that case actual margin should cross 12%.

Nitin Patel: It is not every time actually because time now if Rohtak-Hissar we have started okay we had done a huge quantum work actually lot of work for everything number of kilometers we have completed but particularly we have not generated much of three invoices particularly. So in terms of if you say my other cost say stock of as well as the other consumables as well as everything will be little bit higher particularly when I will start the Bituminous work there the margin will little bit go up actually because that is why it is keep on changing every time quarter-to-quarter. On average basis if you see on it on a yearly basis so we will

be able to make up almost closed to 11% we should make the 11% I think. We do not even average you can see last five to six years it is almost within that range almost.

Devam Modi: Sure Sir and finally which geographies are we currently present in irrigation segment.

Nitin Patel: As of now maximum work we are doing particularly in this Gujarat, Madhya Pradesh these two states baring one project in Uttar Pradesh which has just completed actually. This is the area we are working mainly.

Devam Modi: Going ahead we would be looking at going to which other states.

Nitin Patel: It is where the funding mechanism will be very clear and basically convincing so obviously if any of the states we can go basically one thing is that there should be a very clear support funding should be there.

Devam Modi: Okay sure sir that is from my side thanks a lot.

Moderator: Thank you. We have next question from the line of Vipul Sanghvi from Religare. Please go ahead.

Vipul Sanghvi: Good evening Nitin Pai. You in the opening remarks you mentioned that you have been seeing traffic growth across different projects has been going up same is the situation or toll. If you can give some sense that what is the kind of percentage wise in traffic or in toll collection that you are seeing that.

Nitin Patel: Particularly I think you can see the numbers what we have shared basically for the quarter one mainly in Bijapur-Hungund it is grown basically within the range of 4% to 6% actually and the Ahmadabad Ring Road obviously because if I take off the because there are the two way because putting that barrier on the service road the commercial traffic but absolute numbers also have grown almost 5% to 6% growth we have seen in the Ahmadabad Ring Road. In Hyderabad-Yadagiri because of the Telangana issue and Andhra Pradesh issue is been sorted out. Now we have seen from January to May we have seen the traffic growth of almost 15% to 16% as compared to the previous year and then after as of now I think it is again within the range of around 20% to 22% traffic has grown actually during last two to three months we have seen that after post May actually. So it is continuously growing up particularly Hyderabad-Yadagiri even revenue is also picking up in a big way. In Maharashtra Border Check Post across basically obviously there is not much the comparative numbers of the but we are having the existent role the number we have seen

that also started showing some positive trend actually, which earlier if I put in a different way during last two years we did not have that kind of encouraging numbers actually.

Vipul Sanghvi: This has continued in July and August.

Nitin Patel: July and August obviously it has continued as compared to the July and August of the previous year.

Vipul Sanghvi: Thanks a lot.

Moderator: Thank you. We have next question from the line of Nimit Shah from ICICI Bank. Please go ahead.

Nimit Shah: Good evening Nitin Bhai, Sir could you take about the railway opportunities which we are targeting.

Nitin Patel: Obviously these factor there is a good very large potential and basically the management is having the clear thought that the how the way the highway sector has grown in the country. These sectors having even bigger potential actually for growth and because it is a mix basically because the railway tracks as well as the being large size railway stations also development of that. So initially the company is of the view that we will focus mainly on the cash contractor EPC kind of business and after some definitive experience particularly then obviously we will try to basically see that what kind of potential is coming actually in the country but this sector we are very much hopeful and bullish that this sector again will have a good potential of the construction business particularly where we are actually.

Nimit Shah: Do you see any opportunity in FY'15 on the EPC side from the railway business?

Nitin Patel: We are contributing basically in bidding the project and we have formed some consortiums basically where we do not have the expertise mainly in signaling as well as the track laying so these two we have taken the expertise from the other companies those who are having the expertise but particularly the civil work actually where we can definitely execute the job at our own so this way we are continuously putting the bid. So almost current year itself I can share that from January to till now almost we have submitted around 7 to 8 bids actually and this we continued to focus.

Nimit Shah: What will be the size of these bids?

Nitin Patel: As of now, it is coming within the range of say Rs.100 Crores to Rs.300 Crores only and all are the EPC contract. But later on the potential of these going for the bigger size contracts will be higher actually.

Nimit Shah: These bids we are doing jointly or we are doing on a standalone basis?

Nitin Patel: We have taken basically the qualified company those particularly signaling and track laying as a consortium partner.

Nimit Shah: Could you throw more highlights on the MDO opportunity which we were targeting earlier, mine development operator?

Nitin Patel: This sector is also continuously picking up. Recently we have submitted our prequalification to OPGC at Orissa Power Generation Corporation. They are coming with too large size contract of Rs.5000 Crores each actually. So, we have already submitted our prequalification number basically even particularly Tata and they are also coming with some large size contracts. So obviously the focus will be there, but we have to match where we can really add the value, because in MDO, there will be the series of activities will be there, so we will try to basically focus in such a way that initial projects we will do mainly mining as well as the same we can do coal washing and some transportation of the coal. This kind of activity we can do, some kind of other investments like the infrastructure and everything that we may take up at later stage actually after that some experience particularly in the field. So the idea is that, we will enter into the field to get a more and more mining job for a longer period or a large size contract.

Nimit Shah: Have you currently place, can you bids for MDO? We are just pre-qualified?

Nitin Patel: We are just submitted PQ for two projects and other projects basically which are coming up. So this large size contract will over the period we have to see how much the potential is coming up basically post this now the declaration of lot of areas has been free from environmental and other issues. So we see the good number of contracts may come up actually over the period of time.

Nimit Shah: Who would be the likely competition in this segment?

Nitin Patel: There is a selectively good contractors are there also, but around 6 to 8 companies, we see that they may come for bidding for these MDO kind of thing.

Nimit Shah: Thanks a lot.

Moderator: Thank you. We have next question from the line of Prem Khurana from B&K Securities. Please go ahead.

Prem Khurana: In transportation EPC segment, if I were to adjust our revenues for Chhindwara project, it seemed to have done on Rs.25 odd Crores of revenues from all the other projects put together. I mean Rs.25 Crores and Rs.1000 odd Crores of again excluding Chhindwara, seems to be somewhat lower. So, do you have any slow moving or nonmoving order in our order backlog or have we yet to start construction or accounts some of projects? Because if I were to take average execution cycle of 2.5 or 3 years number should be around Rs.80, Rs.90 odd Crores on a quarterly basis. So, 25 it seems to be somewhat low.

Nitin Patel: You mean to say that the Chhindwara project particularly.

Prem Khurana: No, in EPC transportation segment you have booked revenues of around Rs.199 odd Crores right. So, I were to adjust this number for Rs.170 odd Crores they have done from Chhindwara from all the projects put together we seemed to have done around Rs.25 odd Crores in this quarter. Now, order backlog is around Rs.1300 odd Crores as of now and Rs.290 Crores which was Chhindwara, so if I were to adjust this number for Rs.1300 odd Crores for Chhindwara project I mean it seems to have around Rs.1000 odd Crores of third party transportation EPC work. Now, this Rs.25 Crores and Rs.1000 Crores should one see, to my mind seems to be somewhat pace of execution seems to be somewhat slower there?

Nitin Patel: Particularly Chhindwara basically is coming towards the completion now. It is normally where the project is coming towards completion, so then some of the gap filling activity kind of thing is being also parallely being carried out actually. So obviously it does not have the same pace actually where the full growth was there actually in the project. So, today for example we are working for the three of the ROBs and as well as another two to three flyovers some kind of measures. So, all the structures have already been completed now, we are filling the gap actually. So particular quarter, we have done the gap filling activity, so that is also basically resulted into the some basically low turnover actually in Chhindwara project.

Prem Khurana: No Sir. My question was with respective projects other than Chhindwara from all the other projects, we seemed to have done only Rs.25 odd Crores of number in terms of revenues and our order backlog from all these projects put together seemed to be around Rs.1000 odd Crores?

Nitin Patel: I got the point, but ultimately these are the relatively new orders as you are mentioning it is relatively new order. So, it has not yet picked up actually that is basically bigger way actually.

Prem Khurana: So, what kind of runrate I mean as you when the numbers if all these projects are to come into operation or start contributing, so what kind of numbers could be billed in our model from all these projects put together?

Nitin Patel: Now, basically post monsoon obviously because what will happen, you mean to say that the average quarterly how much expense will come up actually. Obviously the number we have to complete within the period of time this is fine, but post you have to take out the normally monsoon period number one and also the basically large quarter of the basically completion period. Selling rest of the amount we have to divide almost equally by the pace will be maintained almost.

Prem Khurana: We were also looking to monetize some of the assets especially your minority own does it so have made any progress there and I mean one of our partner specifically in Dhule seems to be in a mood to divest it stakes and we have ROFR so any plans to exercise that right?

Nitin Patel: Some negotiation obviously is going on with HCC, but obviously going with the things will be materialized, obviously we will come to forum actually as per the requirement, we will make Public Announcement also, if things will complete it actually.

Prem Khurana: Any other asset which could be monetized in the near future?

Nitin Patel: You mean to say any other asset for monetizing?

Prem Khurana: For monetization, when we met the last time, you are looking to monetize some of your assets where you hold minority stakes for instance though Dhule you have minority stake and then in case of Mumbai-Nasik you have minority stake?

Nitin Patel: Obviously, what will happen, everything depends what valuation it is happening actually. If we feel that it is a good valuation and everything is fine. So, obviously there is basically it makes sense to monetize these actually.

Prem Khurana: Did we see toll rate hike any for project in this quarter?

Nitin Patel: Can you repeat the question?

- Prem Khurana:** Toll rate hike for any of our BOT project in this quarter?
- Nitin Patel:** From April onwards normally the toll rate basically get increased particularly in NHAI project and this Ahmadabad Ring Road will have basically increase from first of September and almost Aurangabad-Jalna and Border Check Post will have around 17% to 18% jump basically with effect from first of April 2016 as per the pre-notification.
- Prem Khurana:** I just wanted to understand more on this traffic growth that you talked about. So, if I were to look at Ahmadabad Ring Road, on a YOY basis by some 5%, in the last month of first September we have seen toll rate hike around 7%. So if I were to adjust my growth 5%, for that 7% there seems to be a decline in traffic, so am I correct in my understanding or am I missing something that?
- Nitin Patel:** Can you repeat please?
- Prem Khurana:** Ahmadabad Ring Road, your numbers on a YOY basis are up by 5% in this quarter, so if done around Rs.19 Crores as against Rs.18 Crores last year, so Ahmadabad by some about 5%. Last year I mean on first September 2013 you have seen toll rate hike around 7% in Ahmadabad Ring Road project. Now, if were to adjust my Q1 FY2015 numbers were toll rate hike that we have seen in the last year there appears to be negative traffic decline of around 2% and same is the case if I were to look at Bijapur, Hungund because you receive toll rate hike in the month of April. So, assuming that you would have received toll rate hike around 5% or 6%, they are hardly any growth in traffic there again?
- Nitin Patel:** Now, I would like to basically mention in two way particularly Ahmadabad Ring Road. Ahmadabad Ring Road actually putting off the barrier has started with effect from the May first week onwards. So, if I basically during there is a seven locations, it take almost around 20 to 25 days to complete the putting these barriers and everything. So if I see the absolute number I can share that absolute number particularly for June 2014 also so June 2014 basically the total toll revenue towards Rs.2273007 a day. So, obviously which shows the basically growth of almost around 6.4% on a year-on-year basis and in July also again Rs.2183462, so that is also gained a growth of 6% actually. Because this process, these we have completed Ahmadabad Ring Road after the April 30 actually. Full quarter does not reflect the complete numbers actually, so that is why in absolute number the traffic basically these actually that has started showing the growth actually which was not there because last year, the service road was not there all in the part of these ring actually. So particularly in Bijapur-Hungund, so Bijapur-Hungund also if I share the numbers particularly obviously the same again in the June particularly, average revenue was Rs.2933077, which is also a

growth of almost 3% particularly in traffic numbers actually and in July Rs.2822787 a day average number. So, it is also showing a growth of around 2.9%, so almost 3% growth is there in terms of the traffic.

- Prem Khurana:** That is it from my side. Thank you.
- Moderator:** Thank you. We have next question from the line of Naveen Jain from JM Financial. Please go ahead.
- Naveen Jain:** Good evening. Sir, just few questions one you mentioned that some projects as in NHAI projects had tariff hike from April, can you please give us the number of what was the tariff hike let us say Bijapur-Hungund and other projects?
- Nitin Patel:** What we can say obviously year-to-year basis it has grown actually, but exact number after a putting it is not readily available with me. We can share it to you. On the project wise, we share basically how the traffic basically from first of April on which project what is the absolute growth actually in terms of the toll rate actually.
- Naveen Jain:** I was looking for the tariff hike that was in terms of average increase?
- Nitin Patel:** Normally it has been considered between 5% and 5.75%. So absolute number we have to check actually depending upon the basically the tariff almost it may be the similar for all the projects actually.
- Naveen Jain:** Can you please share what is the debt at SIPL level at the end of this quarter?
- Nitin Patel:** SIPL towards around say close to you mean to say consolidated?
- Naveen Jain:** At the holding on the level, SIPL or holding company?
- Nitin Patel:** Holding company levels basically these two Rs.180 Crores of ICICI and there is Rs.130 Crores from these add-on assets, net of some of the actually it was around Rs.290 to Rs.295 Crores some more or somewhere has actually.
- Naveen Jain:** How much is the debt from Sadbhav Engineering?
- Nitin Patel:** Can you repeat?
- Naveen Jain:** What are the advances that SIPL has taken from Sadbhav Engineering?

- Nitin Patel:** I think one quarter end it was around to the tune of again Rs.270 to Rs.275 Crores.
- Naveen Jain:** Under construction projects, if you can share the debt number for Shreenathji as well as Rajsamand-Bhilwara, Rohtak-Hissar, debt outstanding as at the end of this quarter?
- Nitin Patel:** Rohtak-Hissar it was Rs.165.90 Crores, Bhilwara-Rajsamand Rs.7090.01 Crores and Shreenathji-Udaipur it is Rs.149 Crores. Maharashtra border check post it was at Rs.864.61 Crores.
- Naveen Jain:** This Ahmedabad Ring Road you mentioned that in all the service road, the commercial traffic is not going to be able to use service road, because of some barriers that are being put in place. So after that would there be a disproportionate increase in the toll collection or 5%, 6% is a kind of number that we are looking at?
- Nitin Patel:** Actually obviously it is there, because comparable numbers to year-on-year it is not there actually, because last year for the same quarter, there was no service road on whole of the Ring Road actually, only two of the toll plazas basically were covered through the service road. Remaining five has basically been constructed over the period of time. So, if I have to compare absolute number with the previous year, so it will be difficult basically how it has come up, but if I have to put the number say for January, February and March, what was the every daily collection, but after April 30, we can include April also, but post May when we have started putting the barriers, so how the toll numbers has grown up basically almost around Rs.3 to Rs.3.5 lakh a day basically as compared to the average from January to April that toll amount has increased actually.
- Naveen Jain:** What is the capex we did in the standalone entity in this quarter?
- Nitin Patel:** New equipments almost we have purchased to the tune of around Rs.48 to Rs.50 Crores for the quarter actually and almost also there is sale of the assets to the tune of around Rs.85 to Rs.90 Crores from the gross block actually.
- Naveen Jain:** Rs.80 Crores to Rs.90 Crores of realization.
- Nitin Patel:** Yes.
- Naveen Jain:** What is the capex plan for the full year in the standalone entity?

- Nitin Patel:** The new projects what we have won recently actually hardly I think another Rs.30, Rs.35 Crores of the equipment will be required and remaining has already been completed.
- Naveen Jain:** Net-net Rs.50 Crores let us say in the first quarter and another Rs.35 Crores, Rs.40 Crores for the remaining year.
- Nitin Patel:** Remaining year actually.
- Naveen Jain:** Against that we have sold asset was almost Rs.80, Rs.90 Crores?
- Nitin Patel:** These are earlier old assets basically now which the project is about to complete or complete actually, so that we have sold it.
- Naveen Jain:** Just to clarify, this Rs.80, Rs.90 Crores is the realization?
- Nitin Patel:** No, it is a gross block to gross block adjustment.
- Naveen Jain:** So that would have fetched some Rs.20, Rs.30 Crores may be?
- Nitin Patel:** Yes that we have to see exactly what is the amount actually based on the invoices.
- Naveen Jain:** Thanks a lot for answering my questions.
- Moderator:** Thank you. As there are no further questions, I would now like to hand over the conference back to Nitin Arora for his closing remarks. Over to you Sir!
- Nitin Arora:** Thank you everyone for joining us for the earnings concall for Sadbhav Engineering and have good evening. Thanks.
- Moderator:** Thank you very much Sir. On behalf of Emkay Global Financial Services that concludes today's conference. Thank you for joining us. You may now disconnect your lines.