



“Sadbhav Infrastructure Project Limited Q4 FY2017
Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Sadbhav Infrastructure Project Limited Q4 FY2017 Results Conference Call hosted by Equirus Securities. 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 this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pranav Mehta from Equirus Securities. Thank you and over to you Mr. Mehta!

Pranav Mehta: Good evening everyone. We would like to welcome you on behalf of Equirus towards this conference call. I really appreciate that in terms of flurry of the things that are going on, people have taken out their time for the call and we would also like to thank the management for giving us this opportunity to host the call. I would like to now hand over to Nitin Bhai for taking the call ahead. Thanks.

Nitin Patel: Thank you Pranav. Good afternoon to everybody. On Sadbhav Infrastructure Project Limited, I warmly welcome all the participants to the earnings call for the quarter and year ended March 31, 2017. With me Mr. Darshan Bhatt who is the head of accounts of Sadbhav Infrastructure and its subsidiary who will give input pertaining to accounts and Ind-AS implications during the Q&A session.

I am sure you must have seen the Q4 FY2017 SIPL toll revenue data, which was shared with the Stoke Exchanges on April 11, 2017 and the media release from the financial results shared on May 18, 2017.

I will start with updates on the bidding and new projects, then business updates, and the discussion on financial number and the implications of Ind-AS as compared to Indian GAAP and then after we will start the Q&A session.

Here I would like to mention the impact of first demonetization on the SIPL business as all of us know that from November 9, 2016 till December 2, 2016 toll collection was suspended by the ministry as well as the Government of India. NHAI has formally confirmed for the compensation due to loss incurred during the suspension period, the compensation would be equivalent to the operations and maintenance expenditure and interest cost incurred during the suspension period.

The Group has claimed and recognized the revenue of Rs.59.79 Crores during the year pertaining to this demonetization expect in case of one Maharashtra Border Check Post where the claim of Rs.20.83 Crores is not recognized as revenue as the Government of Maharashtra informed the Company to compensate in time period along with agreed IRR. So also the state authorities for

Ahmedabad Ring Road and Aurangabad or Jalna are expected to compensate for the same in cash as they have officially formally communicated to us in writing. At the end of Q4, the group has already received the sum of Rs.16.94 Crores out of the Rs.59.79 Crores recognized and we expect to receive the balance compensation from the authorities by probably the end of this quarter.

So now the bidding tender business pipeline, so the post Q3 of FY2017 and till date Sadbhav Infrastructure has participated in 15 HAM projects of 1043 kilometers worth Rs.15887 Crores. Summary of SIPL position in those bids is as follows. The company is L1 in two projects, which is the Waranga to Mahagaon package one in the state of Maharashtra; the bid project cost for this project is Rs.1071 Crores.

Second one is the Udaipur bypass. The bid project cost for this project is Rs.891 Crores. The companies two L2 in seven projects L3 in two projects and above L3 in three projects. So bid for one project amounting to Rs.1443 Crores is yet to be announced. So we are expecting that this will be announced within a week's time as the Government of India has recently given the approval for Porbandar to Dwarka project in the current week only.

We have observed at a number of place submitting the financial bid during this period where around four to six actually and according to our assessment, we feel that competition shall remain between three to five players for the next couple of quarters because NHAI has till date has awarded more than 45 projects under HAM and there are many projects where the financial closure is yet to be achieved by the various developers.

Also we have observed that all the bidding before Q4 majority of the winners in earlier round of bidding is the regional players and their appetite to take more number of projects might be limited, so hence we would continue to bid in the HAM segment for the coming period for the coming period of time.

Post Q3 of FY2017 until date, SIPL has participated in two BOT toll projects of length 239 kilometers worth Rs.2484 Crores. So SIPL was L3 in one bid and L5 in the other even though the number of bidders here only four to five. Competition intensity is high because there are certain bidders who are totally dependent on the BOT toll project only.

Also for future bids as of now the NHAI website indicates that there are 11 projects are lined up for bidding under the BOT toll and hybrid annuity. Total length of these projects is 769 kilometers worth Rs.22647 Crores for which the financial bids are to be submitted before July 31, 2017 and so the observation first is that the new projects, which are coming for bidding and which are there in the pipeline the size of the projects seems to be little bit more and the number of projects there, which the

cost is more than Rs.1500 Crores for these projects. So considering all these, the company will continue to build hybrid as well as the BOT toll projects for the coming period of time.

Now let me give the update for the five HAM projects given Sadbhav Infrastructure and another two, which we recently won and what is the status from the same. Sadbhav Bhavnagar Highway Private Limited and the Sadbhav Una Highway these two are basically in the state of Gujarat, so we have achieved the financial closure for both the projects. The appointed date for these projects has been declared by NHAI as February 7, 2017 and February 9, 2017 respectively for Sadbhav Bhavnagar and Sadbhav Una.

Financing structure details and cost and date has already been disclosed to the stock exchanges earlier. The EPC values have also been intimated to the stock exchanges. The construction period for both the projects is 30 months from the appointed date and Sadbhav Bhavnagar and Sadbhav Una have initiated the constructive activities and are in full fledged and we are expecting to claim the first tranche of grant in the current quarter only for both the projects.

Now another to the Sadbhav Rudrapur and Sadbhav Nainital one is in the state of Uttar Pradesh and second is in Uttarakhand, so again we have achieved the financial closure for both the projects. The appointed date for Sadbhav Rudrapur has been declared by NHAI as on March 31, 2017. Appointed date for Sadbhav Nainital is expected to be declared by NHAI during the current quarter as the tree cutting activity has just been started, so once everything will be completed and then only we will be able to take the appointed date for these projects.

Again the financing structure as well as the cost of construction and EPC values has already been declared in the stock exchanges for both the projects earlier. The construction period for both the projects is 24 months from the appointed date and again the Sadbhav Rudrapur has already started the construction in full fledged and the same SPV basically the work has gone into the momentum because almost all the resources for both the projects has been deployed in these project, so we can complete basically execute the project as fast as possible.

In terms of the BRT Tiger Reserve boundary to Bengaluru section, we have received the LOI from NHAI on September 26, 2016 and SPV namely Sadbhav Bengaluru Highway Private Limited has been incorporated for the project. The financial closure for this project has been achieved on May 3, 2017. An appointed date for this project is yet to be declared by NHAI, so we expect that the appointed date for this project will come in this particular quarter only because more than 90% of the land is available in the site except for some small utility shifting and everything, so once it is through we will able to take appointed date.

Now the update on the various operational SPVs from the last concall is as follows. Aurangabad-Jalna the Company has received the sum of Rs.5.83 Crores from PWD, Government of Maharashtra, so our compensation of the car and the bus traffic, which has been suspended in the State of Maharashtra. Again in Maharashtra, border check post during Q4, the Company has received the government regulation and has started the collection of user fee with effect from January 27, 2017 into three checkposts name Gurgaon, Malkapur, and Shinoli. The user fee collected from these three check posts up to March 31, 2017 is Rs.2.42 Crore from January 27, 2017 to March 17, 2017. In Dhule Palesner, the SPV has started the major maintenance work during the Q4. The work is being done by Sadbhav Infrastructure, which is expected to be completed before September 30, 2017 and Shreenathji-Udaipur the NHAI has accorded its approval for deferment of premium obligation, for the SPV as per its circular of March 2014.

Now let me give the financial updates for the Company. So we have completed the first round of refinancing of date in the five SPV amounting to approximately Rs.2400 Crores. Credit rating in four SPVs out of these five has been improved from BBB category to A category while Nagpur - Seoni is AAA rated, but Maharashtra Border Check Post. We have received the approval of government of Maharashtra for refinancing of the project and expecting the sanction during the current quarter from new set of lenders.

Further the refinancing of Shreenathji-Udaipur, Bhilwara Rajsamand and Ahmedabad Ring Road is under process and we are expecting to get the approval from the authority by the end of this quarter. So almost the sanction terms for all these three is through and the new rate, which has been indicated is all the SPVs, so most particularly I would like reiterate here that the Maharashtra Border Check Post, Shreenathji-Udaipur, Bhilwara Rajsamand where currently we are paying the interest of 11.30% that has been indicted to 9.2% either set of the new lenders, so we are expecting at least 210 basis point reduction and the total amount under refinance is almost to the tune of Rs.2700 Crores for these three SPVs. So during Q4 of SIPCL, we raised Rs.100 Crores through four series of equal amount of nonconvertible debentures. These entities are raised at 0% coupon rate. These are bullet payments for each of the entities during April 20, 2017 to June 22, 2017.

Now coming to the financial numbers, the breakup between operational SPVs under construction SPVs and standalone SIPL, the profit and loss account has already been provided in the media release. The Company's consolidated total income including other income for FY2017 stood at Rs.1403.89 Crores. During FY2017, total income for all SPVs stood at Rs.1372.33 Crores of which Rs.38.52 Crores was non-cash income from Bijapur-Hungund, Nagpur - Seoni Express, Hyderabad Yadgiri, and Rohtak-Panipat.

During FY2017, cash profit for operational SPVs stood at Rs.88.99 Crores. Post adjustment actual measurement in Nagpur - Seoni, provisioning of major maintenance and service tax impact of Maharashtra Border Check Post and also the cash profit for SIPL standalones stood at Rs.89.5 Crores in FY2017.

As discussed in our earlier conference calls also, SIPL has the current outstanding order book of Rs.385.90 Crores towards the routine maintenance of seven hybrid annuity projects, which is to be executed over the period of 24 to 30 months. Major maintenance reserve of Hyderabad-Yadgiri, and DTPL is expected in FY2018 amounting to Rs.123 Crores.

With the appointed dates of five HAM projects in this current quarter once we get the appointed date for BRT and this Nainital project. Routine maintenance income shall continue to flow in SIPL standalone for FY2018 also. The consolidated date as on March 31, 2017 stood at Rs.8093.81 Crores while standalone debt as on March 31, 2017 stood at Rs.1265.44 Crores of which debt from Sadbhav Engineering stands at Rs.442.60 Crores. Average cost of debt SPV stood at 10%, which is expected to reduce to below 9.25% with refinancing of another four SPVs as mentioned above and average cost of debt in SPIL standalone is again 11%.

Now broad Ind-AS update, I would like to give here; however, for any detailing and numbering, Mr. Darshan Bhatt will take you through during Q&A session. So the following material adjustment has been made into the financial statements of the comparative period.

The recognition of construction revenue including government grant under service consistent agreement, the construction revenue and related construction cost of assets developed under concessional agreements with government are recognized as income and expenditure and concession rise capitalized as intangible assets as per the Appendix A of Ind-AS-11 services consists and agreement on specific conditions being meet in terms of accounting standard.

Under Indian GAAP, the construction costs are recognized as intangible rights under the constitution amendment. Now the mark-to-market on derivative financial instruments under the previous gap, the net mark to market losses on derivative financial instruments other than those designated as cash flow hedges as at the balance sheet date were recognizing profit and loss and the net gain if anywhere ignored.

Under Ind-AS such derivatives financial instruments are to be recognized as fair value and the moment is recognized in the statement of profit and loss. The reversal of amortization of goodwill to consolidation the goodwill on consolidation was amortized under the previous GAAP over the concessional period under Ind-AS the goodwill value is not amortized and it is carried previous

GAAP carrying value in accordance with 101 and tested for impediment, so this is basically broad Ind-AS update.

So again I am thankful to all the participants for listening to me on the opening remarks and I now I would like to open the question and answer session. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. We have the first question from the line of Nitin Arora from Aviva Life. Please go ahead.

Nitin Arora: Good evening Sir. Sir the first question was that we remember that you were expecting some Rs.61.7 Crores what you put in a claim due to this toll revenue loss, I just missed out the numbers you said how much you have received against that?

Nitin Patel: See we here basically recognize the revenue of Rs.59.79 Crores against which we have received Rs.16.94 Crores so far.

Nitin Arora: And recognizes Rs.59 Crores.

Nitin Patel: Recognize was Rs.59.79 Crores

Nitin Arora: You have not recognized the revenue of Maharashtra Border Check Post.

Nitin Patel: The amount is Rs.20.83 Crores.

Nitin Arora: Sir can you also state the maintenance work of the seven hybrid annuity projects, which will get start reflecting, which are already reflecting, but also get reflected in the future in our SIPL standalone?

Nitin Patel: Number one first of all the up to date has already been started where that obligation has already been started, but if we see the terms of the concessional agreement, application to maintain the existing carriageway starts from the date of signing the concessional agreement. So with respect of achieving the financial close, once we find the concessional agreement, the obligation starts, but as a general practice formally we take what is the financial close has been officially declared and more or less appointed date has been taken then normally we start recognizing the revenue for further maintenance.

Nitin Arora: What is that order book today for the MMR?

Nitin Patel: For all basically the SPVs, the house cleaning order book is Rs.385.90 Crores as of now.

- Nitin Arora:** This is your sense for all the seven HAM projects we have won right the seven hybrid annuity projects, which we have today. This is the total maintenance work, which the SIPL will do for its BOTs.
- Nitin Patel:** Correct.
- Nitin Arora:** Sir in what timeframe we will start recognizing this revenue let us say from the next year how the revenue phasing will happen of this Rs.385 Crores?
- Nitin Patel:** I can mention that say almost if I break the approximate ballpark, we can say that between FY2018 seen almost around 85% to 90% of the revenue will be recognized because once the road is completed, so the obligation to maintain the completed road is on the EPC contractor not on the SIPL.
- Nitin Arora:** The major maintenance work Sir we can see it in which project Sir for FY2018 and FY2019 if you can tell the project and as well as the amount?
- Nitin Patel:** FY2018 the Dhule-Palesner and this Hyderabad-Yadgiri as well as the Bijapur-Hungund will be completed in FY2018. The Bijapur-Hungund will close in FY2019 and I think the FY2019 we will not have any other major maintenance other than these.
- Nitin Arora:** And Dhule and Hyderabad Sir the MMR would be how much would it be Rs.100 Crores roughly?
- Nitin Patel:** Hyderabad both put together is almost around Rs.123 Crores to Rs.125 Crores.
- Nitin Arora:** Bijapur-Hungund would be Rs.50 Crore to Rs.60 Crores.
- Nitin Patel:** They are almost the same.
- Nitin Arora:** Sir with respect to our traffic what we have witnessed in Rohtak Hissar do not you think it is going a little lower than what we actually bid at and if you can highlight some of the reasons and if you see a pick up as well here on the Rohtak Hissar front?
- Nitin Patel:** See actually the Rohtak Hissar has just started the revenue basically in the last FY2017 only. So we do not have the full numbers, but obviously the traffic number in the initial period is a little bit less. We seem to witness almost the majority of the SPVs the same kind of trend, so once it gets settled and everybody will start using I think then the revenue we will be able to come up to know that how and where it is getting settled.
- Nitin Arora:** Sir what could be our blended average borrowing cost now for our SPVs at this point?

- Nitin Patel:** As of now, as I have mentioned that all the SPVs with the average is around 10% and that as I have mentioned post this refinancing because the refinancing, commission and everything is now through for three of the SPVs, Maharashtra Border Check Post, Shreenathji-Udaipur, and this Bhilwara Rajsamand, so this average will go down below 9.25 for all the entire package.
- Nitin Arora:** Sir coming back to one of the most important projects for us is Maharashtra Border Check Post, how we are looking, so we closed this year at about Rs.156 Crores revenue, so how we are looking in terms of which implies about Rs.42 lakhs kind of a toll collection number. Once all the toll naka and all the check posts get commissioned how we are looking FY2018 per day collection in FY2019 when I think it will get complete check post?
- Nitin Patel:** In ballpark we can say ultimately this particular FY2017, the revenue, which has been mentioned Rs.20.83 Crores of demonetization period has not been recognized. So obviously it is obvious around Rs.170 to Rs.178 plus Crores plus there is some impact of the demonetization period or so post the start of the revenue, second thing. Third thing revenue for three of the check posts as I have mentioned that the revenue has been started in the somewhere in the month of January, but we have achieved the final COD for these check posts in FY2016 only. So the government has delayed basically to issue us the GR to start the revenue, so the input of the same itself is more than around Rs.15 Crores of basically for particularly that period what we lost the revenue. So considering all this I can say that as of now we are collecting the revenue approximately around Rs.50 lakhs a day for 16 check posts and another three, we are in completion, we have already applied for the COD. Two we have already received and one we have applied. So this will basically bring the revenue to Rs.62 lakhs a day and once we complete the entire Rs.20 Crores we are expecting the revenue will come near to Rs.70 to Rs.72 lakhs a day for say once we complete that. From FY2019 with effect April 1, 2018, the rates are getting increased by around 18% to 19% that is three-year block period is getting completed, so in FY2019 with 24 check posts, we are expecting the daily revenue of above Rs.90 lakh a day.
- Nitin Arora:** In FY2019?
- Nitin Patel:** FY2019 correct.
- Nitin Arora:** Thank you Sir. I will come back in the queue for more questions. Thank you.
- Moderator:** Thank you very much. We have a question from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Good evening Sir. Sir what would be the total outstanding loans from Sadbhav to SIPL at this point?

- Nitin Patel:** Total outstanding is Rs.442.60 Crores total.
- Ashish Shah:** What would be the total outstanding loan for SIPL outside of this loan from Sadbhav on a standalone basis what would be the loan for SIPL?
- Nitin Patel:** The standalone gross is Rs.1265 Crores and out of this if we take out Rs.442 Crores, so it is Rs.823 Crores.
- Ashish Shah:** This includes the NCDs that you spoke about.
- Nitin Patel:** Everything.
- Ashish Shah:** During the quarter.
- Nitin Patel:** Correct.
- Ashish Shah:** Sir also actually there was some thought that the government was earlier considering compensating for the demonetization period based on revenues. There was some thought that the cabinet considering that proposal. So has that been cancelled now? There is no such proposal now?
- Nitin Patel:** Yes the news what we have got from NHAI is that it has been rejected by the PMO. So now what we understand that the direction has been given to NHAI and the Ministry that you have to basically make the arrangement of all your earlier payments, so what we understand that as far as the circular we will get the money according to the revenue how we have recognized and the remaining amount, which was not recognized actually, so that will be compensated in terms of the time period, so we expect that almost around 22 days of the time will be extended for each of the previous where we have lost the revenue. That is the ballpark number we can say.
- Ashish Shah:** Thank you.
- Moderator:** Thank you. I now hand the line over to Mr. Pranav Mehta from Equirus Securities. Please go ahead.
- Pranav Mehta:** Nitin Sir, I wanted to ask firstly with regards to the MBCP claim, which you have mentioned of Rs.170 odd Crores, so what is the status exactly over there and by when can expect the same to come through?
- Nitin Patel:** Can you repeat the question please?

Pranav Mehta: Sir with Maharashtra Border Check Post, we have a claim of around 170 Crores which is mentioned in the notes to accounts to that has been cleared by the steering committee what is the status and further procedure involved and by when can we expect this claim to come through?

Nitin Patel: Actually if you see that this is the cost escalation this concession was filed in 2009 and the government could not give the land within 90 days for all the check posts, so land has been handed over on bit and piecemeal basis actually. So as and when the time passes as per the terms of the concessional agreement, the posts because the construction period was 18 months only, so post 18 months whatever time period has gone, the cost escalation as per the government schedule of rates that needs to be paid, so this was basically first we have from SPV we have lost to the independent consultant and emphatically, so independent consultant has approved the same. Then after MSRDC, it is the steering committee they were approving the steering committee and recommended some three member committee of retired basically Government of Maharashtra Secretary, so they have also recommended that this entire amount needs to be paid to the concessionaire either in cash or by the way of increasing the concession period along with the agreed IRR of the project and that recommendation has been sent to the Government of Maharashtra. So what we understand that once all the 24 check posts will be over, so entire adjustment either may be for the service tax, which we basically just started in the October 18, 2016, all the service tax claim before October 2016, the government has to compensate in terms of the time period. Again the loss is due to this demonetization that also they have to increase. This price escalation and apart from that whatever delay they have made for issuance of the GR from the date of issuance of the provisional completion certificate, all this will be added in terms of the time period along with the project IRR, which is 17% for this project and accordingly consistent period will be increased. So that is basically the mechanism, which has been agreed by the three-member committee at MSRDC in writing and they have recommended to the Government of Maharashtra.

Pranav Mehta: With this Rs.170 Crores being approved now what is the total project cost, which we are expecting Maharashtra Border Check Post to be completed at?

Nitin Patel: Actually the project cost what we understand that this is going to be compensated by the government, but if we add all these things basically, so we understand that at least almost around Rs.300 to Rs.350 Crores will be added in terms of the time period by the government in the current concession or otherwise, they have to compensation in cash.

Pranav Mehta: So you are saying on the original cost of Rs.1420 odd Crores, we will see another Rs.3000 Crores addition?

Nitin Patel: Correct.

- Pranav Mehta:** Sir what kind of margins do we expect in the standalone order book of Rs.385 Crores, which are related to those hybrid projects.
- Nitin Patel:** See ultimately these are the maintenance activity, but we have seen that actually in the past two or three quarters, we have already started recognizing the revenue, but the margins there was is almost around to the tune of almost around ranging from 58% to 70% at EBITDA level.
- Pranav Mehta:** Sir, by when do we expect the COD for Mysore-Bellary?
- Nitin Patel:** We have already applied and we are expecting that before June 10th we will be able to get the COD for the project varying almost around 5.5 km of the length basically where the government could not give the land, so that will be excluded now and rates typically the government will declare the COD.
- Pranav Mehta:** Finally Sir, what are the reasons for the delay in the cost package of Raipur-Ghatkopar in regards to the highway project in terms of us taking the effort?
- Nitin Patel:** There are two things. What we understand is in this particular project more than 80% of the land has already been acquired by government, NHAI. It is in their possession, but the forest department wherever the large number of trees actually on this highway, and almost more than 27000 trees are there that requires to be cut and all are big, big trees, so that process has been started. NHAI has deposited the money in the month of April with forest department and that cutting has been started, but it takes a little bit more time, and more particularly the new Chairman of NHAI, is very much specific that they first let to give the maximum possible land and then only the appointed date to be given. So to avoid any basically claims on NHAI on the future date from the concessionaire because what has witnessed post this change in the new arbitration law as well as the government policy to compensate 75% of the money against the bank guarantee large number of disputes have been started on the authority as well as the ministry and perhaps this is the outcome of the same.
- Pranav Mehta:** Sure. Thanks Sir.
- Moderator:** Thank you very much. We have the next question from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Good evening Nitin Bhai. My first question was with respect to our toll income that we have booked during the quarter. So the press release that you had given out earlier had almost Rs.238 or Rs.239-odd Crores of toll income but if I were to look at our P&L it shows at around Rs.302 Crores of income. I understand you have included Nagpur-Seoni finance income in this topline and

Aurangabad-Jalna compensation, but even if we adjust for that there appears to be some Rs.50-odd Crores mismatch. So what would explain that Rs.50-Crores of mismatch?

Nitin Patel: So you mean to say that the toll revenue when we declared the toll numbers for the two SPVs and the revenue, which has been recognized here so there is a difference. Ultimately that income is only pertaining to the Nagpur-Seoni only has been added. I think the expenditure, the construction expenditure the SPV during that period has been recognized as an income and again it has been treated as expenditure in the construction expenditure column, construction cost. So this needs to netted off actually and as per the format of the accounting that is why it has been reported like this.

Prem Khurana: If I were to look at our segment reporting that we have done, so there is a separate line item for that entity that you are talking about, I mean, the revenues that you recognize on under construction projects which is around Rs.67-odd Crores what appears to be there as a separate item. So is there anything else which have been clubbed with your toll income?

Nitin Patel: For the year in segmental revenue for the whole of the year we have recognized the toll operation, user fees and other operating income 951.81 Crores and the construction income is 206.17 Crores. For the quarter it has been mentioned as 301.95 Crores and construction income of 19.79 Crores. So this is the breakup of what we have reported there.

Prem Khurana: I will take it offline. Second question was we have seen some increase in exposure of Sadbhav Engineering. So for the last quarter if I remember correctly, it was around Rs.380 to Rs.390 Crores odd and it has increased by some 50-odd Crores, so does it mean that our operation is still not able to give us free cash flows to be able to meet our obligations on our own and we are required to rely on Sadbhav Engineering today.

Nitin Patel: Sadbhav Engineering has not funded any additional money for SPV's requirement or any funding of the interest obligation because entirely it has been funded from the SPV. Even we can see that the net cash generation for the entire year actually even after not taking into the account of the Maharashtra Border Check Post of 20 Crores as well as the three check posts from April till January when we had started the revenue there is almost around the tune of 14 Crores so if we take it out then only the net cash generation for the year is 181 Crores for the SIPL as a whole as against 87 Crores for the previous year actually. So there is a significant jump in terms of the net cash generation. So that is why any other amount has been given. I think the amount which has been included now it is some 78-odd Crores basically what Sadbhav Engineering had given fixed for a period of 11 years, which may not be included in the last bill.

- Prem Khurana:** Actually I was comparing on a sequential basis on a QOQ basis, so last quarter your loan from Sadbhav was around 388-odd Crores this quarter and you gave us a number of Rs.440-odd Crores. So the number has increased by Rs.50 Crores on a quarter-on-quarter basis.
- Nitin Patel:** Which is basically pertaining to the Mysore-Bellary where the government of Karnataka has delayed for releasing the fifth tranche of the grant for the SPV for the construction period. So that has been funded because currently the Mysore-Bellary is owned by Sadbhav Engineering, so the ownership has not been transferred to Sadbhav Infrastructure so that is why Sadbhav Engineering has funded that money basically during the year. Now yesterday only we received that money back.
- Prem Khurana:** Just one last time in our Gujarat HAM projects, what is the cost of funding there as of now? When we signed the agreement it was around 10.1% but then I think it was linked to your base rate, so given the fact that we have seen some softening in the interest rates, so has the number come down or the reset date is still sometime away?
- Nitin Patel:** Currently the rate has come down as mentioned from the other participating banks have given at 9.25%, all the four, even the fifth one Bengaluru DRT where the State Bank of India and HDFC Bank have jointly underwritten the entire project so they have also given the sanction at 9.25% of the entire debt.
- Prem Khurana:** So now for all the five projects where we have financial closure in place the cost of funding is 9.25%?
- Nitin Patel:** Correct.
- Prem Khurana:** So there will be some cost saving on the kind of this reduction in interest cost, because when we are bidding for these projects our interest rates assumption used to be anywhere between 10.5% and 11%-odd?
- Nitin Patel:** At the time of bidding of all these five HAM the interest rates assumption was above 11%.
- Prem Khurana:** So there will be some cost saving in all these projects, I mean, at least the five HAM projects?
- Nitin Patel:** Correct. The SPV and SPIL will retain that money at the end of the COD.
- Prem Khurana:** Thank you.
- Moderator:** Thank you very much. We have the next question from the line of Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah: Sir starting April of this quarter we would got the toll hikes in several projects. Can you just give us what is the toll hike you have received in these projects?

Nitin Patel: All these NHAI projects we have received the hike of almost to the tune of around 3.9%. Maharashtra Border Check Post will be from next year from April 1, 2018 will be 18% or so.

Ashish Shah: And Ahmedabad Ring Road Sir?

Nitin Patel: Ahmedabad Ring Road will be from September 1.

Ashish Shah: How much is that likely? Is there any indication?

Nitin Patel: Currently, if you see the current average, again the average of this may be to the tune of again between 3.5% and 4.5%.

Ashish Shah: Sir also on the Mysore-Bellary Projects again, so obviously the COD for this project has been considerably delayed, so is there any increase in the expected project cost now from the original costs that we would have got?

Nitin Patel: The schedule completely it is in June 2017 and we have completed the job, so it is under the process because World Bank team this week only they have visited and basically the balance area, which they have not handed over, they have agreed to take out from the project and declare the COD for that. So I think at any moment we will get this.

Ashish Shah: Lastly, how has the traffic growth been in this quarter, in April and about 20 days of May now on a year-on-year basis?

Nitin Patel: Obviously the traffic is improving. Our barometer we are considering the Maharashtra Border Check Post because 100% traffic is the commercial and it is coming from the multiple locations actually. So in Maharashtra Border Check Post itself we are seeing almost around 6% to 6.5% growth as compared to the previous year actually.

Ashish Shah: Sir any indication on some of the other roads like may be Rohtak or Dhule or some of the other roads?

Nitin Patel: They are consistently increasing the traffic so year-on-year basically traffic growth is very decent growth is there and it is in double-digit actually. So, we are of the view that if these trends continues then it will be really helpful in Rohtak-Panipat and because one another thing the project between say Panipat the construction work has been started. So what we understand is that as and when the

construction will take a momentum and the traffic on this Rohtak-Panipat will continuously increase and post that the start of the toll on that particular road we are expecting some additional traffic in Rohtak-Panipat also.

Ashish Shah: So we are saying that for the first one and a half months of this quarter you have seen a good growth in traffic on a year-on-year basis in most of the projects?

Nitin Patel: Correct. Current quarter basically in April we are seeing the numbers except for Aurangabad-Jalna because there is the government has tried to halt some commercial traffic for certain reason, so that is why we have seen there are almost about little bit 1% and 2% negative growth but rest of the projects we are seeing the growth is good actually.

Ashish Shah: Sir, anything you would like to elaborate why they have stopped in this project because this project was doing very good for us. It was doing very well till last year.

Nitin Patel: Commercial traffic. The purpose was that because of the Shendra MIDC there was certain activity was going on so they do not want to allow the traffic during certain period in Shendra. So that is why it has been kept as a hold. So it has affected one of the toll plazas of us.

Ashish Shah: That situation continues?

Nitin Patel: No it was one of the certain. Just during last 10 days it has been basically come to normal, but in the month of April it was there actually.

Ashish Shah: In the month of April, the impact was there, starting May it has kind of become normal.

Nitin Patel: Yes.

Ashish Shah: Thank you.

Moderator: Thank you very much. As there are no further questions, I would like to hand the conference now over to Mr. Nitin Patel for any closing comments.

Nitin Patel: On behalf of Sadbhav Infrastructure Project Limited I am again very much thankful to all the participants who have taken their valuable time for understanding the results of our Q4 FY2017 and year ending March 2017. As we have mentioned, and as I have also mentioned earlier that the company will be focused on their hybrid annuity project and even during the last couple of days even in today's Economic Times also the way NHAH as well as the Ministry intends to come out with the road sector awarding of the projects, so it has been clearly stated that the hybrid annuity model will be

the priority for the government to award the projects. So considering these we are of the view there will be a huge traction for the coming period of time and SIPL is poised to basically take the big leap of that bidding process. So coming period of time, we will continue to see lot of bidding activities. As I have mentioned that the 15 bids have been submitted during the Q4 only for the hybrid annuity projects so that kind of momentum we are going to see for this year as well as next year it will continue. So this is from my end. Again thank you very much to all the participants and Equirus for holding this conference call.

Moderator:

On behalf of Equirus Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.