



“Sadbhav Infrastructure Project Limited 2Q FY17 Results Conference Call”

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MODERATORS: **MR. DEVAM MODI – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Sadbhav Infrastructure Project Limited Q2 FY17 results conference call hosted by Equirus Securities Private 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 the operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Devam Modi from Equirus Securities. Thank you and over to you, Mr. Modi.

Devam Modi: Good evening, everyone. We would like to welcome you to the concall of Sadbhav Infra for the second quarter and we have with us Nitin bhai and Varun from Sadbhav Infra side. I would like to hand over the call to Nitin bhai and then Varun for discussing the results and then taking the Q&A session from there onwards. Thanks.

Nitin Patel: Thank you, Devam bhai. Good evening everybody. On behalf of Sadbhav Infrastructure Project Limited, I warmly welcome all the participants to the earning call for the quarter ended and half-year ended 30th September 2016. I would like also to thank all basically for taking their valuable time to understand the business of the company for the quarter and half year ended. For the business updates and financial numbers, Mr. Varun Mehta will take you through the same post I conclude my opening speech.

Now here, I would like to mention first the impact of the demonetization on the SIPL business. From 9th November till 24th November, toll collection has been stopped in each of the project of the company. We understand that from NHAI that the compensation for the same shall be provided by them; however, we are yet to receive any formal communication from NHAI in this regard. Also, the state authorities for Maharashtra border check post, Ahmedabad Ring Road and Aurangabad Jalna project are also expected to compensate the same in a same manner what NHAI will compensate to us.

We further see that during the current quarter, there can be three impacts in the overall business of the company. First thing till the time Rs. 500 notes circulation increases in the market, there would be certain operational challenge to collect the toll because the taxpayers may provide Rs. 2,000 note and this may basically have some operational issues. We planned to reduce this challenge by using the e-wallets like Paytm and also to install point-of-sale device in each lanes. So we are in a process to conclude basically the facility with the large banks actually, so who can provide these devices on an urgent basis so we can use this on each of the links of the project.

Second impact what we envisage that which is a much broader and applicable for almost all the players of the sector basically and even in all the sector of the economy that which is the reduction in the economic activity in a shorter term; however, the third impact which is

reduction in finance cost due to the reduction in the interest rate by banks will negate the complete impact of the reduction in the economic activity. So what we understand that any reduction in the traffic which will be completely compensated by way of reduction in the finance cost for coming period of time and this, we do not envisage much impact on an overall basically say cash flow generation for the company for coming quarters. So these are the broad points what I would like to give update and now going for all the basically activity of the business and company, I would like to hand over this call to Mr. Varun Mehta who is CFO of Sadbhav Infrastructure to discuss in relation to the overall business for the quarter and half yearly. Varun bhai, please.

Varun Mehta:

Thank you very much, Nitin bhai. Good evening everyone to all the participants and welcome to the earnings call for the quarter ended and half year ended 30th September 2016. I am sure you must have seen the Q2 FY17 SPV wise toll revenue data which was shared with the stock exchanges on 7th of October and the media release for the financial results shared on the 16th of November. I will start with the updates on the bidding in the new projects and then business updates and then to discuss the financial numbers and then we can start the Q&A session.

On the bidding front, basically post the Q1 of FY17 and till date SIPL has participated in 12 HAM projects of length approx 900 kms worth Rs. 11,268 crores. The summary of the SIPL's position in these bids are as follows. We are L1 in 1 project which is the BRT Tiger Reserve Forest to the Bangalore section. We were L2 in 3 projects. We were basically L3 in one project and above L3 in the 7 projects. So this is the summary of the entire bidding which has been done by SIPL in the HAM category post Q1 FY17 period.

Talking about the competition, the number of players submitting the financial bids up to September 2016 were around 8 to 9 players while these players have reduced right now to around 3 to 4 players post September 2016 and this basically we feel according to assessment is that the competition shall remain to only around 3 to 4 players for the next couple of months because till date NHAI has awarded more than 35 projects under the HAM model and there are many projects which are yet to achieve the financial closure basically in the market also. So probably what we understand is there is a possibility that this players basically will complete for the financial closure and then probably they can come up for the bidding in the second launch and because majority of the winners in the earlier round of bidding are regional players and we understand that the appetite to take more number of projects will be very limited from here onwards also because the way we are discussing with the lenders also on that front.

In the SIPL level, we would continue to bid in the HAM segment. On the BOT toll project post Q1 of FY17, SIPL has participated in 2 BOT toll projects of length approx 239 Kms. SIPL was L3 in one bid and L5 in the another bid. Even though the number of bidders are around 4 to 5 players, but the competition intensity is high in this segment because there are certain bidders who are totally dependent on the BOT toll and hence definitely they are trying aggressively to

pursue this project as and when the bidding activities commence in the BOT toll segment. There is one project of length 92 Kms worth Rs. 402 crores which is in the state of Gujarat for which we have submitted the financial bid, but the bid opening is pending basically. This is under the HAM model. For the future bidding pipeline as per NHAI website, there is one project of length 90 Kms worth Rs. 1,032 crores under the BOT toll segment and there are 18 projects of length 1346 Kms worth Rs. 22,000 crores under the HAM segment for which the financial bids are to be submitted up to 31st December 2016. At the SIPL level, we shall continue to bid for the HAM and the BOT both the segments because the business model of the company is to do the equity investments in the toll assets.

Coming to the update on the 5 HAM projects which the company has won in the last 6 months, the first couple of projects are Rampur-Kathgodam Package-I and Package-II. We have achieved the financial closure for both these projects within the stipulated timeline as per the concession agreement. The financing structure details and the cost of the debt has already been disclosed to the stock exchanges. The EPC values have also been intimated to the stock exchanges earlier. Appointed date for the Package-I is expected before the end of the current month because we have received more than 90% of the land is available on ground. So we expect the appointed date will be achieved before the end of the current month. The appointed date for the Package-II is expected in second half of December and there are also more than 80% of the land is available. The ground activity has already commenced basically by SEL which is the EPC contractor for both the projects. So, definitely the mobilization work has already been commenced by Sadbhav Engineering Limited. So we expect that this project to start the work quickly as soon as the appointed date has been achieved and the construction period in both this project is 24 months.

Other couple of projects were basically Bhavnagar-Talaja and Una-Kodinar, we already received the sanction for both this project. Documentation is in process for both this project. We expect both these projects to achieve the financial closure in the first half of December. Financing structure for both these projects shall be similar to Rampur-Kathgodam packages. EPC values have also been intimated to the stock exchanges earlier. Appointed date for both these projects is expected basically in the month of December. For the Bhavnagar-Talaja, basically we expect it to achieve in the first half of December and for Una-Kodinar, we expect it to achieve in the second half of the December basically and the ground activity has also commenced basically in both these projects, so we can quickly start the work as soon as the appointed date has been granted.

The fifth project is the BRT Tiger Reserve Boundary to the Bangalore section. We have received the letter of award from NHAI. The signing of the concession agreement is expected in this week. From signing of the concession agreement, there is a period of 150 days to achieve the financial closure. So we expect to achieve the financial closure in this project and

the appointed date for this project in Q4 probably somewhere in the month of March, that is basically we expected to achieve.

Now coming to the operational updates on the various SPVs from the last concall are as follows. Aurangabad Jalna and Nagpur Seoni, the major maintenance work has been completed in both these SPVs and the major maintenance has been done by SIPL. So if you see the SIPL standalone income, there is a drastic increase in the income basically in the first half of FY17 as compared to the entire year of FY16 also. In Maharashtra border check post, we have received the notification on 18th of October to increase the service fees so as to recover the service tax amount also. Accordingly, we have increased the service fee and the total service tax on a service fee which is included in the other expenses for the first half of FY17 amount stood at Rs. 10.91 crores. So this amount till the date of 18th of October basically, MBCPNL was paying out, out of the toll revenue which basically we used to collect from the truckers, but right now this amount has been increased by the service tax amount which is 15% amount. So now instead of basically reimbursing the money to the government from our proceeds, our revenue has increased to the extent of 15% for that particular amount. MBCPNL received this COD for two additional check posts on 18th of October and with this, total of 18 check posts have received COD out of 24 check posts. The only under construction SPV as of now which is Mysore-Bellary Highway Private Limited, the construction work in this SPV is going at a very fast pace and we anticipate the construction shall be completed in the month of January 2017.

The Y-o-Y traffic growth during the quarter stood as follows: In Aurangabad-Jalna, the traffic growth was around 10%; in Bijapur-Hungund, it was flat and this was flat mainly because of the local agitation during the Cauvery river issue in the state of Karnataka which was happening in the month of September. If we break down the number between July and August, the traffic growth in Bijapur-Hungund in July and August month was around 3.8%; in HYTPL, the traffic growth is around 3.3%; in Dhule-Palesner, the traffic growth is around 2%; in Ahmedabad Ring Road, the traffic growth is around 6.5%. The traffic growth for 9 check posts in Maharashtra border check post which were also operational during Q2 of FY16, the traffic growth stood at around 5%.

Now coming to the financial updates, basically we have completed the first round of refinancing of debt in the five SPVs amounting to approximately 2,400 crores. The credit rating in the 4 SPVs has improved from triple B category to A category and while in Nagpur Seoni, which is an annuity project, there the rating has improved to triple A category. Refinancing of 4 more projects basically which are Maharashtra border check post, Ahmedabad Ring Road, Shreenathji-Udaipur and Bhilwara is also under process and right now, we are in discussion with the lenders to the refinancing all those particularly debt and the total debt in these 4 projects is amounting to around 2,700 crores. So we definitely expect the similar reduction in the cost and similar objective which we achieved in the first round of

refinancing to be achieved in the second round of refinancing also. We shall continue to look at the various structures and various markets, then probably we can reduce the cost of funds.

In the month of September 2016, SIPL at standalone level has raised NCDs worth Rs. 200 crores at a cost of around 9.85% PAPM. The repayment of this NCD needs to be done from FY20 to FY23 and the repayment will be done equally in this particular 4 financial years and we have also tied up to raise NCDs worth Rs. 100 crores shall be raised in Q4 of FY17 and this particularly will be invested for the hybrid annuity projects also.

Now coming to the financial numbers and financial results of the quarter ended and the half year ended, Q2 is generally a seasonally weak quarter and that is because of the monsoon season and this year particularly the monsoon was very high in the states where our projects are located. So definitely if you see the toll revenue number, the toll revenue numbers are bit subdued because whatever growth we have seen in Q1 of FY17 and also in the entire financial year FY17, the growth is a little bit less basically in Q2 because of the heavy monsoons.

The breakup between the operational SPVs, under construction SPVs and the SIPL standalone for the P&L has already been provided in the media release. Company's consolidated total income including the other income for H1 FY17 stood at Rs. 659.61 crores. During H1 FY17, total income for all the SPVs stood at 474.09 crores, of which Rs. 18.14 crores was noncash income from Aurangabad Jalna, Nagpur Seoni and Rohtak Panipat. During H1 FY17, cash profit for the operational SPV stood at Rs. 61.09 crores and if you see the cash profit of the company, it has been increasing on a quarter-to-quarter basis and this is because of the refinancing activities now which is sort of fueling the impact on the finance cost also and this cash profit is post the adjustment of the actual MMR in Nagpur-Seoni, provision for MMR which is a noncash item and service tax impact of Maharashtra border check post. The cash profit for the SIPL standalone stood at 39.51 crores in first half of FY17. As discussed in our earlier concalls also, SIPL has a current outstanding order book of 353 crores towards the routine maintenance of the 5 new HAM projects which the company has won and which is to be executed over a period of 24 to 30 months from now onwards.

The major maintenance of HYTPL and Dhule Palesnar is expected in FY18 and the amount of both these SPVs for the major maintenance should be around 125 crores. With the appointed date of 4 HAM projects in the current quarter and the fifth one basically in Q4 quarter, the routine maintenance income shall start to flow in SIPL from Q3 onwards itself and again it should increase basically on a quarter-to-quarter basis because the routine maintenance activity will increase on a quarter-to-quarter basis and with the addition of the major maintenance also of HYTPL and the Dhule Palesnar SPV. The consolidated debt as on 30th September 2016 stood at 8,114 crores while the standalone debt as on 30th September 2016 stood at 1,022 crores, of which the debt from SEL stands at 312 crores. The average cost of debt in the SPV stood at around 10.3% per annum which is expected to reduce below 10% with the refinancing

of the another 4 SPVs as mentioned above. The average cost of debt in the SIPL standalone is around 11%, so probably this is the summary of the entire bidding and the updates in the financial numbers also. Thank you very much for listening to the opening remarks and now we can start the Q&A session.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Amit Sinha from Macquarie Group. Please go ahead.

Amit Sinha: Sir, my first question is on Maharashtra border check post and can you just explain how you are expecting the remaining border check post to get commissioned and what is the overall revenue or toll per day expectation once all the check posts are commissioned?

Nitin Patel: Actually as Varun bhai has intimidated, we have received the COD for 18, while we are collecting the revenue for 13, so 5 we have to start the actual collection. So the current status, the proposal has already moved to the Secretary Transport Department in Government of Maharashtra, so he has agreed to basically go for collection of the operation, but he has parallely also given some SOPs, what we can say the standard operating procedure which were being followed by the Transport Department till now. So they want some modification in the system, so that they have asked the department to make certain adjustment in all the check posts. So what he has requested is once this is through, then after you start collecting the check post revenue so that it can be basically right from the day 1 or the 5 can start generating through the newly SOPs actually. So that we are in a process and we expect that, that should be completed by the end of this month. So more positively, basically before the second week of December, we will be in a position to start collecting at all the 5 check posts and regarding completion of balance, what we understand that only one will remain that is Insuli near Goa border, rest 23 will be completed before the end of FY17 and that Insuli we are expecting to complete by June 2017. So that is basically the way how we are in a process to implement and for completing all the check posts, the required amount is already available within the SPV which is undrawn. So as and when the construction will be over, that will be drawn and the project will be completed.

Amit Sinha: And these 5 check posts starting to collect revenue, how much will it add to our toll per day?

Nitin Patel: Actually these 5, if I see that out of this 5, major impact is we are seeing the particular check post revenue is not basically that much significant, but this is helpful to plug the other basically linkage at the other check posts. So say for example see if we start the Akkalkuwa check post, so then obviously, the traffic at Navapur which is already operational, it will improve further. So this kind of scenario is there. But on an average, we are expecting that at least another 5.5 to 6 lakhs a day will basically the revenue will increase with these 5, but another two most important which are coming, there is Kagal which is already we have completed, now we have

issued a letter to the client also for issuing the completion certificate. So that Kagal, we are expecting that alone will generate around between Rs. 6 to 7 lakhs a day of the revenue. So that will be the significant. Then after we can say the Mararwade and the Insuli Goa border check post, this will be the larger one that once this will be completed, it will have the further impact. So that is the way the progress will happen.

Amit Sinha: So we are still basically our guidance of around 70 to 75 lakhs of per day remains the same on all the check posts?

Nitin Patel: Yes, that is the same and now what we understand the SOP is I have mentioned why the Transport Secretary wants the revised SOP, the SOP is mainly for the purpose of controlling the loading and unloading activity at the check post because what the government intends that they are losing very heavily on the check post. So lot of revenue to the government is not being able to collect because of the earlier SOP. So now with these, the revenue to government as well as to the concessioner, both will increase what we understand from what the government wants actually.

Amit Sinha: Sir on Ahmedabad Ring Road, now from August of this year, the Gujarat government rightly exempted few of their roads from the toll collection of cars etc. Now from that perspective, do you see any risk on our Ahmedabad Ring Road. I understand it is a order project and your thoughts on that?

Nitin Patel: Actually in this project, the impact of the government of Gujarat decision is not applicable because obviously this is not coming in the government of Gujarat kitty, it is actually Ahmedabad Urban Development Authority, it is a separate authority actually who has granted a concession to us. So we do not see as of now any basically noncollection of revenue from the car, we are collecting the revenue from all category of the vehicles and even though if the government of Gujarat basically is because what we have heard from the other projects which fall under the Government of Gujarat, they are also getting basically the revenue of actual traffic which has passed on the road from the government. So I do not see there is any loss or there will be any loss to any of the developer so far as this decision is concerned.

Amit Sinha: And lastly sir on the demonetization thing, so in your initial comments, you highlighted that you expect some decline in the economic activity. My first question on that issue is at this point of time I understand things have not stabilized, but on this particular issue in the last one week, how much of decline in traffic have you seen and do you think that this particular issue might lead to structural decline in traffic for next 1-2 years?

Nitin Patel: See, structural decline we do not envisage. See what will have, the impact is that there are two ways actually. One those who are channelized operator, they are constantly operating, rather they are happy because currently, they are not paying any toll, so they are getting more money

out of their operations. So those who are channelized operator, but only those who are nonchannelized actually and basically they have some small impact, but the commodity what we can understand that basically the materials like this household equipment and all, these kind of activity, transportation has been slowed down, but overall we are seeing around 20% impact has been seen as of now on an overall basis on the commercial traffic. Noncommercial, everything is smooth.

Moderator: Thank you. We will take the next question from the line of Ankit Fitkariwala from Jefferies. Please go ahead.

Ankit Fitkariwala: First, continuation from the last question on the demonetization front. So, I understand that NHAI has said that we will get compensation and similarly the state governments had also said that, but how does the mechanics of this work like this impact in third quarter, so there is no toll collection and obviously the compensation will come later. So, is it like operationally there will be a lot of issues with most of the projects and because the debt repayments need to go the way they are right? So how does it work?

Nitin Patel: See, actually because we are constantly in a dialogue with NHAI, so they have agreed to make say around 75% payment before the end of the month, but what our demand is they should pay at least 90% of the average of October. So today only we have raised the invoices for all the projects basically to NHAI, all the project directors to compensate 90% of the revenue based on the October average and later on whatever adjustment will be there, we will be continued to doing in the month of December and accordingly, we will get settled actually. So that is the way how we want to proceed as of now and with the state government projects, we have the same thing we have asked to them, so they are taking their respective approvals from the finance department of each of the states. So once they are through, they will also intimate but they have given the positive indication that we will pay you so that your basically the other activity can be smooth, there should not be any kind of impact because this is ultimately government decision.

Ankit Fitkariwala: On similar lines like I understand that only one of our projects were under construction now and HAM will be going into construction, so what will be the impact that you are seeing there or envisaged there like my whole theory being that the subcontractors will be working on a cash basis right. So the current account, the money that they can withdraw is also only 50,000. So how does this work as in like are the workers on ground actually working or have you seen a delay of some days of no work because there are so many queues and everything, so your thoughts on that?

Nitin Patel: See in construction business, I can tell you that all the directly working employees in the company are getting the payment through the cheques, the subcontractors, labourers actually. So only to those we have already asked the subcontractors to make the arrangement of some

cash payment directly to them on every 15 days. Earlier, they used to pay basically say on a monthly basis, we were settling their accounts. So you ask to them and for them, we are also helping out from the company side that whatever we can arrange, we will try to give them the basically for couple of months and they will be only for the couple of months and we have already told to them within 2 months, we should be equipped with all the arrangements of getting the payment, everything online, then nothing will be paid basically in the cash. So this kind of arrangement is on the ground level we are making the arrangement and mostly I can tell you that there is not a large number of labourers are working basically on this kind of category actually. Obviously by the number of people for a Sadbhav Group as a whole, I can say it will be hardly around say 500 as of now.

Ankit Fitkariwala: But the subcontractors will get impacted, I understand that a lot of own ground workers will not be on Sadbhav's payroll, but the people whom we get the work done whoever is the site operator, he will have a lot of people working, blue collar workers will be working for him in cash right.

Nitin Patel: See in our case, I can tell you mostly the payment is being done through, what we can say, RTGS route actually. So, we do not envisage that much impact actually overall so far because I can tell you right now our execution is going on all these 5 EPC projects. So works are going on very smoothly and nowhere it is getting affected at all actually. So things are there, labourers have already came basically post Diwali, everybody has joined the work actually and work everywhere it is going on a war footing basis. There is no any dip actually on the work front. Only thing is the payment is so long as we are continuing to make the payment on a right time, we do not see any other problem for them.

Ankit Fitkariwala: Next question is on the traffic growth for the full year. First, traffic growth in couple of projects, this is we are talking about 2Q, so traffic growth in 2Q, what is the average traffic growth across all projects and what do you see going forward because of this demonetization already there would be an impact, but then our full year number should be significantly lower.

Nitin Patel: So if you see the Q2, there is traffic growth for the portfolio excluding Rohtak-Panipat, so it is somewhere around 4.5%. Probably for the entire year, definitely before the demonetization scheme, the expectation that the traffic growth should be somewhere in the range of 7%-8%, but now with this coming up probably, so now not everyone is sort of quite clear that what will be the impact in the short term, but I think probably whatever things basically we have seen on ground in terms of the last 10 days post the decision by the government of India, definitely there will be some impact on the traffic, but exactly what will be the impact that we need to see basically in the next at least couple of months literally what is the impact there.

Ankit Fitkariwala: My last question on the pipeline basically you said in your opening remarks that HAM pipeline is close to 1346 Kms and this is still December 2016. So overall, what do you expect for FY17, how much can be done by NHAI and MORTH together?

Nitin Patel: If you see till the first half, NHAI plus MORTH was somewhere around 5000 Kms and this also is still December, it is somewhere around 1500 Kms and generally Q4 is the best quarter to bid out for, probably our guess is that NHAI plus Ministry should be somewhere in the range of 10,000-11,000 Kms for the entire financial year.

Ankit Fitkariwala: Both including BOT, HAM everything right?

Nitin Patel: BOT, HAM, EPC, all.

Moderator: Thank you. We will take the next question from the line of Bhavan Vithalani from Axis Capital. Please go ahead.

Bhavan Vithalani: Could you highlight a bit more, you spoke about NHAI compensating for the loss, is there a formula which has been devised and will the compensation be in cash or extension of the tenure?

Nitin Patel: We have been told by NHAI that they will compensate in cash actually. Even today morning, I had a discussion with the CGM, so he has basically indicated that it will be a cash compensation. Chairman has agreed for the same. Perhaps the discussion is going on because the majority of the developer has to make the payment to the statutory payment and the workers as well as the lenders money actually right. So everybody needs the payment. So that is what NHAI is envisaging, but they are asking for 75, we are asking for 95, that is the only difference which is going on and we have basically submitted the invoice based on the October average traffic which was there, based on that we have submitted.

Bhavan Vithalani: So they will take the October average traffic and NHAI is saying 75% and we are requesting for 95%?

Nitin Patel: Exactly.

Bhavan Vithalani: The second question is on the impact of the construction, you highlighted that as of now we have not seen any impact, but to dwell a bit more because while we pay our subcontractors or the labour contractors in RTGS, but what we understand industry practice is to that these are paid on a cash basis to daily wage workers. So have you seen any impact because of that or the labour contractor is extending credit period to their respective and overtime things will settle down?

Nitin Patel: I can tell that for a company from our side even past so many years basically, almost majority of the payment we are making through the cheque system or what we can say directly credit to their accounts actually. So that practice what we are following in the company and the ground line because we have intimated to all the project managers at the ground also. So to monitor that, there should not be basically any kind of issues so far as the labourers are concerned. If they require some support of the cash, so we are ready to give them for couple of months. We have asked to bankers also to basically support so far as this payment is concerned actually, only to making the payment to the labourers. So we can take the money and we can pass on to them actually, but this is only for the couple of months but so long as no such demand came from the ground and the work is going on very smoothly in all the front actually and what we envisaged from our side actually, even the subcontractors who are working mainly for say carrying out the centring work or basically, so majority of the same I think everybody has the PF their own actually and because we also follow this practice since last so many years because each and every subcontractor's payment we make for the next month only after when we get basically PF paid certificate from the previous month. So that is the practice our HR department is also following. This will be a challenge for the company and actual work on the ground actually.

Bhavan Vithalani: And the third one is if you could, I mean I actually missed the part which you highlighted in your opening remarks that even post the cash availability if you could highlight, you spoke about e-wallets and some other activities, I actually missed that part, if you could...

Nitin Patel: See for tolling activity, what we are doing now actually is say for each of the lanes, we asked the banks to provide us the cash swipe machine basically. Almost majority of the truck drivers are carrying basically that cards actually. So that machine can be installed in each of the lanes plus in Maharashtra border check post, almost around 70% of the vehicle has RFID system. So we have also started the process of basically linking that RFID through the e-payment system actually with our bankers. So automatically the owner of the truck can put some money into basically that account and whenever he crosses the check post, that money will be debited to that account and it will be credited direct to the bank in our escrow account actually.

Bhavan Vithalani: So it is basically going the electronic way which would help us in the longer run.

Nitin Patel: Definitely. I think almost majority of the large players have started this process because you can also check with other developers, I think this is the practice what everybody has started following now.

Moderator: Thank you. The next question is from the line of Lokesh Garg from Credit Suisse. Please go ahead.

Lokesh Garg:

Continuing this question on demonetization itself, now basically 8th November when the decision came out, so within this last 8 to 10 days, have you seen changes wherein 9th and 10th were particularly bad and since then improvement has happened and now at this point of time, we are down 20%. So is there a trajectory that you can share from your anecdotal experience that you must be getting from your toll plazas.

Nitin Patel:

See, particularly we have asked basically the people at toll plazas to monitor which kind of category, how the traffic is moving, but obviously slowly it is improving. What we have seen the large long distance operators and those who are operating for certain contracts, the import and export related basically goods movement and everything, all is going on a smooth way. It has not impacted. Only the local basically transporters who are not much channelized, so they are mainly doing the activity on a cash system basis actually, so that is getting impacted and what we understand that yes, because earlier they were having initially the old notes, they are also getting the old notes to some extent, but all payments they cannot take in the old notes also. So for the new, they will also have to depend on the system to get smooth actually. So what we understand that this may we have to observe on a daily basis and may come down this ratio at least say another 10-15 days it may further come down when more cash will be there in the system. So this we have to monitor on a daily basis what I understand.

Lokesh Garg:

Sure sir. My next question relates to your toll experience at projects like Rohtak-Panipat and Rohtak-Hissar, they are both running below optimum. So to that extent, what is it that we envisage in these two projects?

Nitin Patel:

I can share further details also. During these days from when the toll has been suspended in both the projects across the country, so the traffic which is moving in Rohtak-Panipat, as of now average traffic is almost Rs. 40 lakhs a toll is being there actually what we are basically monitoring through the actual numbers which are passing through the road. But whenever we are opening for the toll, so it is coming down, but what we have seen the post is Delhi pollution matter has cropped up. So the traffic particularly in Rohtak-Panipat which earlier we were collecting around 22 lakhs a day, that has moved to around 27-28 lakhs a day. Then after, this topic came and again as I have mentioned because of this topic, now the people find convenient road is Rohtak-Panipat and that is why that again the traffic actually it is going up to almost around Rs. 40 lakhs a day traffic is there actually.

Lokesh Garg:

Now this is Rohtak-Panipat, any comment on Rohtak-Hissar also basically?

Nitin Patel:

In Rohtak-Hissar, it is still initial stage. So initial when we are collecting the traffic, every weekly or 10 days basis, we are monitored and slowly the revenue is improving also because if you see the monthly number, the Rohtak-Hissar every month it is showing improvement. So we understand that once let it be stabilized through a certain number, so then after we will have exit call that so same kind of situation has happened in number of projects of us actually. If

you see the Shreenathji-Udaipur, similarly in Bhilwara-Rajsamand, again basically right from the Ahmedabad Ring Road, everywhere this kind of situation has happened. So once people get acquainted and they find that this is the only better route, then slowly they are also making their mind to pay the toll actually.

Lokesh Garg: So you are essentially saying that in several projects, actual running traffic now is more than when you were actually tolling the route?

Nitin Patel: Particularly in Rohtak-Panipat.

Moderator: Thank you. We will take the next question from the line of Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah: Sir in Maharashtra border check post project, now we have started collecting the service tax and cess amount. What would be the cumulative amount that we will now claim from the Government of Maharashtra for the period for which we have paid, but we have not been compensated?

Nitin Patel: Cumulatively, 62 crores is the absolute amount plus the interest component on the same.

Ashish Shah: And how do you think this will go ahead in terms of getting the claim process, we have to get into any sort of arbitration or this will be a simple process.

Nitin Patel: It has been approved by everybody. Even Law and Judiciary Department of Government of Maharashtra, they also given the approval right from the Transport Commissioner, Maharashtra State Road Development Corporation and even Transport Secretary also, everybody has given the approval to give this as a variation item as per terms of the concession agreement, but it will be settled basically once the COD for entire 24 check post is over and when we were in a process of finalizing the revised concession period for the entire project based on the various aspects of basically projects what has happened in the past.

Ashish Shah: Sir also in the same project again, there is an increase in the project cost which was mentioned in the notes. So what happens to that increase, how do we get compensated for that? Is that going to be cash compensation or increase in concession period?

Nitin Patel: See, this will generally be in increasing the concession period only, but that increase to what we have basically claimed from the SPV and what SPV has basically intimated to the independent consultant, so everything has been approved right from the independent consultant, steering group of this project which consists of the three commissioners, Sales Tax Commissioner, Transport Commissioner and Excise Commissioner and as well as MSRDC, the committee has appointed the three retired secretaries committee, basically to envisage and approve this amount so that they have also approved to get the approval. So now the matter has

went to the Government of Maharashtra for final basically giving the note and considering for the purpose of increasing the concession period. So based on that, we have claimed the amount from the SPV.

Ashish Shah: Sir any timeframe you can give for receiving this 62 crores of service tax?

Nitin Patel: That will be settled once the COD for the entire 24 is over actually. So most probably it will happen in FY18 actually.

Ashish Shah: Also another project in Maharashtra, the Aurangabad Jalna project, there we have 15 crores order of claims, but we have been paid only 5 crores for the exemption which the government had given. Again there seems to be a lot of delay in the timing in terms of how they are supposed to pay and how they are actually paying. So what do you think going ahead, this streamline or this will remain like this.

Nitin Patel: It will be paid. So we had a discussion with the PWD Secretary here in Government. So they have also taken up and they are basically bidding for some allocation. What we understand that in this budget, the winter session is going to be started from perhaps 5th or 6th of the December. So we have been told that by that, the government will try to settle this amount actually, otherwise there will be again lot of question on the government in the session.

Ashish Shah: So are they thinking of some concrete policy by which they will periodically compensate or this is going to be ad hoc?

Nitin Patel: Generally, they are asking to all the PWD Departments of the state to submit the data on a quarterly basis. So what we understand that they have to release the payment on a quarterly basis what we understand, but obviously there is no regular system for the purpose of making the payment. So obviously this will go into the claim and we have to ask for the finance cost also on the same actually and that is the legitimate view what government has agreed and there is government's notification also.

Ashish Shah: Sir last question, you said that we have been installing certain point of sale devices. So now who bears the cost? Is there any discount that we have to give to the users or is there an upfront cost for all these devices that we will have to bear?

Nitin Patel: That cost will be borne by us actually. So we will not claim from the government. So it is a easy mode, it will ace basically operational procedure at all the toll plaza and the check post. So that is why we will not go and claim from the government these as of now actually.

Ashish Shah: But will the cost be material because we will have so many projects and so many toll plazas.

Nitin Patel: No, it will not be material cost actually. To be very frank, normally what is happening, today the scenario is like that to getting the chain in the market, everybody has to pay the premium. Rather than paying the premium, it is better to invest in these devices so that we will get rid of these actually.

Ashish Shah: But this will be an upfront cost, we will not end up discounting the toll giving offering any discounts for users to use these devices?

Nitin Patel: The cost is not much actually because the device cost is very hardly minimum. I do not see the cost is significant for these actually.

Ashish Shah: And we would not be offering any discounts to users for using this right?

Nitin Patel: We are not offering any discount.

Moderator: Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Sir my first question is on the Rohtak Panipat project wherein you are saying that the toll revenues on a daily basis have increased to 27 lakhs from 22 lakhs. I understand that reason is essentially that certain Delhi-bound cargo is now coming to your check post, what exactly has changed on ground because this traffic is slowing in and if there is potential of more such traffic coming in as and when rolling resumes.

Nitin Patel: First impact is mainly because of the Delhi-bound traffic has started moving on the same. It can go further because now the NHAI has given the approval to us for 7 locations to plus 7 locations across the road. So we have started discussing with all these villages, the head of the villages and everybody that we will now put the height barrier and we will put also some naka kind of arrangement, so then we can start controlling on the same, so two locations we have now entered the agreement with the ground level people actually plus with the villages only, rate we are in a process. So what we understand that once this will be plugged, another basically check the leakage of almost around between Rs. 4 – 5 lakhs a day.

Varun Mehta: And also to add basically the road between Delhi to Panipat on NH1 so that road, the construction has been started for the expansions on 4-lane to 6-lane to 8-lane. So probably the traffic which was earlier plying on that NH1 road will also shift to the Rohtak-Panipat road.

Aditya Mongia: So we understand that 27 lakhs can become larger number and that can happen because of a) most traffic from Delhi shifts through here because of this construction work and b) some leakages can be saw because of height barriers, you are saying. It can be 32-34 lakh number in the very near term.

Nitin Patel: Every basically major impact, we are also keeping in mind and that regularly we are writing to NHAI for the purpose of establishment of our claims also to that extent.

Aditya Mongia: So the second question was on MBCPNL, now that we have almost commissioned all the major check posts. If their current PC1 number that you can share and what are we targeting once all the 24 check posts are operational?

Varun Mehta: So effectively if you see, right now we are collecting the revenue from 13 check posts and the number of vehicles basically that is the LCV, MCV and the heavy commercial vehicles which are applying on the road, so that number is somewhere around 45,000-48,000 per day. Overall number basically, what we envisage from the entire 24 check posts, number should be somewhere around 75,000-80,000 per day.

Aditya Mongia: And any average realization number that you would want to share for this 75,000-80,000 PC account?

Varun Mehta: I think probably our expectation of revenue somewhere around 70-75 lakhs per day. So probably, the average would come to somewhere around 100-105.

Aditya Mongia: And just moving on, on the SIPL standalone side, can you give us the sense of what would be the major maintenance kind of cost, that the revenue which you can book for next year?

Varun Mehta: If you see in our opening remarks basically, we have mentioned that the major maintenance will come in two projects, effectively one is Hyderabad Yadgiri and second is Dhule Palesnar and the amount basically for both these projects should be somewhere around 125 crores put together and there is another SPV which is Bijapur-Hungund. So probably as of now, we do not have any major maintenance agreement between Bijapur-Hungund and SIPL, but probably if SIPL gets the contract for that also, then probably that amount should be somewhere around, probably between around 100 crores or say 110 crores odd.

Aditya Mongia: And then lastly on the consolidated debt amount, is there a timeframe which we see that debt number picking out for us whether that can happen like this year or next year considering the projects that we have at this point of time only?

Nitin Patel: Yes. So if you see as of now, the portfolio which is there, now the entire portfolio is operational except Mysore-Bellary. So in Mysore-Bellary, we anticipate that the COD will be received in Q4, so probably we have already applied to the World Bank for the transfer of stake from SEL to SIPL and from GKC projects to SIPL. So probably if you receive the approval saying Q4 or basically in Q1 of FY18, then probably that would be the time when the debt would be at the peak level at the SIPL consol.

Aditya Mongia: Just one more question. Most of the toll based revenues that you are getting are collected in cash and now they are going to be a period wherein people are not paying you and then you start trying to recover toll again from these people let us say Rohtak-Panipat would be a bad project from the perspective of people paying even, do you see that kind of NHAI setting in and the issue of collecting toll, rightful toll from people become more difficult?

Nitin Patel: Ultimately, I can tell you even when this happen, there was basically the issue whether to collect these old notes or the new notes get particularly border check, when NHAI was very early to give the announcement, but the government of Maharashtra has not given the announcement so early actually. So we were collecting the revenue. There was a queue, obviously the queue becomes long actually, so long as we get the change and we have managed to get the change from the various sources and we have continued to basically operation till the government has asked us to stop basically the activity. So that was the case. But now some of the cash is in the market, so we also have to channelize and we already started the channelizing the requirement of the cash through the very sources actually and for the purpose of smooth operation plus particularly, this electronic mechanism so far as this tolling is concerned, so that way also we have started putting, particularly in border check post, we have already tied up just last week with the State Bank of India and they are now basically working very promptly to put the system across as early as possible actually.

Moderator: Thank you. We will take the next question from the line of Alok Deora from IIFL Wealth. Please go ahead.

Alok Deora: I actually just had a couple of questions. One was on the road awarding which you mentioned sometime back that those was the year with 11,000 and that is significantly short of what the government had targeted. So any challenges at the industry level which you are witnessing which was leading to very small growth because last year only itself we had done around 10,000 Kms and this year we close at 11,000, it would be a growth of only 10%.

Varun Mehta: So probably if you see the NHAI target basically which is mentioned in the NHAI website also, so the NHAI target for the full financial year is somewhere around 6,500 Kms and probably we anticipate out of that roughly around 5,500 to 6,000 Kms is easily achievable, if not 6,500. So probably that is from the NHAI side and that number if you see is on FY16 number, this number from the NHAI was 4,500 Kms. 4,500 in FY16 and say around 6,000 Kms in FY17 that itself a significant amount of growth is there from the NHAI front. So probably what basically we are discussing with the NHAI and what preparation which we have seen at the NHAI level is that definitely this number of 6,000 Kms is there and that is really achievable and that is again because I think as per our own data we have, in FY16 award target for Ministry was around 8,500 to 8,700 Kms, so that we are talking of around 10,000 to 11,000 Kms which is the last year's number itself was basically the highest achievement for Ministry. So probably these numbers will still beat the last year numbers also.

Nitin Patel: Even just to add what Varun bhai has told, if you see what has actually changed, one is that the activity pertaining to the land acquisition has become very basically strong so as far as NHAI is concerned because almost all the projects now they are giving the significant land basically upfront and more than 80% and even we have seen couple of projects basically where the land could not be achieved 80%, so they have continuously deferred that bidding also. So this is one part and second part, another thing is NHAI is constantly monitoring the financial closures what, how it is happening basically in various HAM projects, what are the challenges and what are the issues say for example initially they have agreed that they will pay some 10% mobilization advance within the 90 days of the appointed date. Now they have basically changed that they will pay the 5% upfront and revenue 5, they will basically pay within 60 days. So these kind of changes plus now what we understand that the lenders have also given some suggestions to be included further changes. So that will also come from NHAI for the future bidding. So that is the positive things what we are seeing in addition to the adjusted numbers basically. So the comfortability and basically the acceptability of the lenders, that will also very important so far as the actual execution growth in the field is also concerned.

Alok Deora: Actually, on that topic only you have mentioned about they are monitoring the financial closure, I think couple of projects have actually been recently terminated because they were unable to get the financial closure within the stipulated time period?

Nitin Patel: Correct.

Alok Deora: So do you see that causing a hindrance, so I mean, of course for established player like Sadbhav it might not be that much of concern but for some smaller players who have backed HAM projects significantly, they could be facing some kind of constraints which would eventually impact the awarding?

Nitin Patel: Yes, see, what we are also constantly monitoring what is happening in the market but what we are getting the feedback that the large number of the small players, basically they are getting the rigorous terms from the lenders and if they will agree to that terms for achieving the closure, so what we understand that they will not be able to come for the new biddings that much easily because once they agree 100% upfront equity for at least 2-3 projects. So, obviously their balance sheet is out actually. So, I do not see that they will be the competitor in the future, so that is why what in his opening remark what Varun has told that, he is correct actually that the number of bidders will come down to hardly 4-5 bidders actually for at least for the couple of quarters now.

Alok Deora: And currently there would be how many bidders in HAM projects around 6-7?

Varun Mehta: No, there are only 4 to 5 bidders which are there and the mode of projects basically which you are talking about, so I think the first project was Samrala Chowk that project if you see, the

second round of bidding has already been done and then the bid opening is there. So, in the second round of bidding, the bid amount is at least 15% higher than the first round of bidding. Okay, so probably in both these projects what we have seen that only the bid was aggressive because these players are not so much there in the particular segment what we have understand basically.

Alok Deora: And just one last question, so generally if they want to scrap a project, they call for rebidding or they might also look at connecting with the L2 bidder and they might give the option to that bidder if they wanted to take up the project?

Varun Mehta: Yes, so basically in this project what has happened in case of Samrala Chowk, it was entire fresh bidding basically which the NHAI had called for and for the projects in the Kishangarh Udaipur-Ahmedabad section that is the Package-I and Package-II, so there basically the NHAI had asked to match the L1 but probably then none of the bidders were sort of to match the L1 and then the fresh bidding basically was called by NHAI.

Moderator: Thank you. We will take the next question from the line of Prita Tahil Ramani from Edelweiss. Please go ahead.

Parvez: Hai sir, Parvez here. Sir, just one question, in the Ahmedabad Ring Road project we would have add toll hike in September. So, what was the quantum of that this year?

Varun Mehta: Yes, the toll hike in Ahmedabad Ring Road, the formula is 100% WPI, so it was basically a flat off-late hike which was there, so effectively there was no hike.

Moderator: Thank you. The next question is from the line of Ankit Fitkariwala from Jefferies. Please go ahead.

Ankit Fitkariwala: Just one followup question. So because of this demonetization, a lot of public banks would be flushed with liquidity, so don't you think that the HAM models will probably get funding easily and that might lead to more place, is not that right?

Varun Mehta: See, we have a very clear view that cost of finance will go down obviously just within one quarter, not only in HAM because across all the basically projects because what is going to HAM, the immediate impact is to reduction in the MCLR of the banks because the flush of the money what banks are getting almost at a very low cost actually. So naturally the MCLR of the banks is going to come down drastically and that will definitely give an impact on the straight with the reduction in the cost of fund because all the operational projects which are, we are having except for the refinance projects where we have taken some fixed kind of basically funding for 20%-25% of the total debt, remaining 75% and the projects which we have not yet completed the refinance, all these are linked to the MCLR of the banks actually.

Ankit Fitkariwala: And second question is regarding the arbitration resolution which NHAI passed sometime back that the 75% of the money will be deposited, so what is on ground activity regarding that have you heard where they have actually transferred the money or wherever there is an arbitration, it has been expatiated. What is the on ground activity there?

Varun Mehta: See, NHAI has already given the confirmation they will basically start paying once they will get the bank guarantees, but what we have been given the feedback that majority of the awards particularly when the award are unanimous, so NHAI is not going to challenge these award in the court and they are going to settle basically these without taking the guarantees basically through the contractors or developers actually. When there is an issue when NHAI is going to the court, then only the question of giving the guarantee will come into the play, so that is the way how we are seeing that things will come up for the coming period of time.

Ankit Fitkariwala: But have they released money to any of the players, so I am not talking about us, in general the industry, have they released it to where the arbitration has been awarded to the contractor but the money was still stuck, so has it happened?

Varun Mehta: Actually, frankly speaking, we have not heard also the basic same thing but obviously to this particular thing we have to check in the NHAI because we have no such award actually where we have to start collecting the money from them actually, but for others we have to check from them actually.

Moderator: Thank you. The next question is from the line of Ashish Agarwal from Principal Mutual Fund. Please go ahead.

Ashish Agarwal: Sir, in today's newspaper, the NHAI Chairman has said they are working on a new model 2 for the toll rate increases, just wanted to check can they do it for the existing toll contracts?

Varun Mehta: Yes, so basically any revision, it will be applicable from the date of that particular gazette notification will be there, it won't be applicable for the earlier project, it will be applicable from the project which have been bided out from that particular date.

Ashish Agarwal: So, it will not have any impact on our projects?

Varun Mehta: Yes, correct.

Moderator: Thank you. We will take the next question from the line of Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah: Sir, just one issue on the accounting side, we have the total revenue from toll operations and user fees of 248 crores for the quarter whereas the total toll collections that was reported was

about 215 crores if I exclude Nagpur-Seoni annuity that is about 215 crores. So how do we reconcile this 215 crores with the 248 crores?

Varun Mehta:

Yes, if you see basically there are certain non-cash items basically. Say for example in Aurangabad-Jalna where basically we have not received the compensation of the cars but that amount has been accounted as a revenue in the book of accounts, so that amount is included in the 247 crores which is there but the number which we reported on the 7th of the month of the quarters basically, so that amount is not included in that because debt number is particularly whatever toll you have collected, so one difference is because of that, the second is...

Ashish Shah:

Sorry, how much would that be?

Varun Mehta:

Yes, so I think that number should be somewhere around 6.5 to 7 crores. The second difference basically is because of Nagpur-Seoni because Nagpur-Seoni, the entire accounting is different, here basically we have to book a notional income and notional interest basically, so instead of the actual annuity which we received from the government, so there is a difference basically in the recognition of revenue and the actual annuity basically which we received from the government and third basically is in Rohtak-Panipat because in Rohtak-Panipat, there was a particular derivative notional M2M gain which was there, so this gain basically has been recognized in the toll revenue because it is in the SPV revenue basically because this is the part of the Rohtak-Panipat. So, because of this three items, there is a difference between the 247 and 215 crores which is there.

Ashish Shah:

Sorry, how much was this derivative gain?

Varun Mehta:

Somewhere around 9 to 10 crores.

Ashish Shah:

So basically you are saying, if I add to the toll revenue reported SPV wise from that I subtract Nagpur-Seoni annuity revenue and to that if I add 9 to 10 crores of M2M gain and Aurangabad-Jalna was 6.5, still it might not reach 248 because...?

Varun Mehta:

Yes, so if you do 215 plus 7 crores of Aurangabad-Jalna, so that comes to 222 and then probably around 9 to 10 crores of Rohtak-Panipat, so that comes to around 230 to 231 and that to add basically say somewhere around 10 crores of revenue of Nagpur-Seoni, so there basically we reach to around 241 to 242 which is there.

Ashish Shah:

So, basically the segmental results you are saying that Nagpur-Seoni is included?

Varun Mehta:

Yes.

Ashish Shah:

The 248 segmental revenue is inclusive of Nagpur-Seoni?

Varun Mehta: Yes, so that is the difference basically the number which is there, so that I am talking about in Nagpur-Seoni which is 10 crores.

Ashish Shah: What is the total non-cash interest expense for the quarter, out of 259 crores?

Varun Mehta: See the media release what we have reported to the stock exchanges, the non-cash finance cost for the first half and for the SPV, that number was around 93.

Ashish Shah: Just last thing, what is the guidance that you will have for the SIPL standalone in terms of the O&M income and the major maintenance income for this year?

Varun Mehta: Yes, if you see till now basically we have done the O&M income and the major maintenance income for the two SPV which is Aurangabad-Jalna and Nagpur-Seoni. I think going forward the routine maintenance of project basically will contribute to the revenue. So probably till now we have achieved the number of somewhere around 135 odd crores. For the entire year, we are looking the number of somewhere around 240-250 crores.

Ashish Shah: That is for FY17 and next year?

Varun Mehta: Next year, that number should increase because of the major maintenance of HYDPL and Dhule-Palasner which we have just mentioned that number is somewhere around 125 odd crores and with the routine maintenance, that number should be somewhere around 300 crores in FY18.

Moderator: Thank you. We will take the next question from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Sir, just wanted to clarify that for that MBCPL project, we have a 78% shareholding, any incremental developments on that front whether that number is going to go up or remain that?

Nitin Patel: See, actually the process obviously the negotiation is almost completed, the documentation are under process. So once the documentation is through, then immediately, definitely we will come and intimate to the stock exchanges, but obviously this will go up substantially and we expect that it will go within the range from 78 to it will go above 90% actually.

Aditya Mongia: And sir just one clarification for the Ahmedabad Ring Road project, we now have a 100% shareholding, are there any pending payment from our side to Patel Engineering over there?

Nitin Patel: No, everything has been paid.

Moderator: Thank you. We will take the next question from the line of Devam Modi from Equirus Securities. Please go ahead.

Devam Modi: Sir, what would be the total claims in SIPL and how is the split across SPVs?

Varun Mehta: See, the bifurcation of the claim is like that actually now we have actively started the claims, so first basically for this Rohtak-Panipat, so claim of almost around 105 crores has been lodged on NHAI, for that 5 sitting is completed, so we expect that this claim may be completed by the end of June 2017 because that one year period, secularly period is getting over by that time. Then Nagpur-Seoni, we had a claim of almost around 159 crores on NHAI for which arbitration process has been started and that couple of sitting is already over, so this is second one. The third one which is the large is the Mumbai-Nashik, for which the government and we put together, we have lodged the claim of 407 crores where the part of Sadbhav is 72% as per the agreement entered with us and at the time of selling of this entire SPV to group field by government, so this the right of getting the amount under the claim has been carved out by us actually. So this will be the third. The fourth is the Dhule-Palesner, where we have already lodged the claim amounting around 75 crores to NHAI. So these four are for NHAI and the rates basically the Maharashtra border check post and Aurangabad-Jalna, because there are two variations. Variation one amounting 21 crores has already been approved by the government of Maharashtra, the PWD Department, but the variation two, the final completion when we have completed the project and post this major maintenance we have completed, so we have lodged the variation to amounting to around 43 crores to the government of Maharashtra. So once it is through so this will come and in border check post, we envisage the net basically claim net positive because there are the certain negative variations also where the construction cost has been reduced because of the change in the check post configuration. So some of the check post which we were supposed to complete basically as per the design, now we are completing only on the highways basically. So there will be negative variation and also there are the various positive variations in terms of the increase in IDC escalation basically apart from that the loading and unloading claims. So all put together, we are seeing the net claim as of now on the government is around 450 odd crores actually. So this is broad numbers and the process obviously on once the final COD and if required some of the process we will go for the arbitration route as far as the SPVs are concerned.

Devam Modi: Sir, roughly we can say that wherever arbitration has not begun, it is a process of at least, say 1.5 to 2 years or probably 2 to 3 years for the money to be decided by the arbitration committee?

Varun Mehta: See, actually in these three, Mumbai-Nashik, Rohtak-Panipat and the Nagpur-Seoni, the arbitration has been started. Dhule-Palesner, we are in a process, so it will take couple of months to start the arbitration. Rest of the government of Maharashtra projects, we understand that it will be largely closed at the government level. Once it will reach at the government, I do not see they will go for the dispute, they may maximum go for some three member committee of the retired secretaries like that actually and they can conclude the decision based on the same.

Devam Modi: Sir, when we are expecting the COD of Mysore-Bellary now?

Varun Mehta: See, actually we have asked the government because what has happened in around 6.5 kilometer of the land purchase on government has not yet given to us, which is on the bypass. So rest of the purchase of land what they have given, we are going to complete the entire construction by the end of December. So we have already written to the government, the Karnataka state HAM project that you have to issue the COD taking out the 6.5 kilometer and used to start our annuity and based on basically the proportionate by reducing 6.5, you should pay us the bonus also. So that I think independent consultants had agreed in the meeting so, the government has basically persuade this matter to the World Bank once they will get the clarification, I think they will start their process of issuing the COD.

Devam Modi: And finally sir, just to get an idea, roughly what would be the passenger vehicle and commercial vehicle mix at the four larger projects that is Bijapur, Shreenathji, Dhule and Rohtak-Panipat?

Nitin Patel: Yes, in case of Bijapur-Hungund, the commercial vehicle is somewhere around 90%, passenger is somewhere around 10%. In Dhule-Palesner, the ratio of commercial is somewhere around 8% and the passenger is 20%. Other which projects you want?

Devam Modi: And Rohtak-Panipat and Shreenathji-Udaipur?

Nitin Patel: In Shreenathji-Udaipur, the ratio is around 75:25 and in Rohtak-Panipat, the ratio is somewhere around 70:30.

Devam Modi: With the larger number always being for the commercial vehicles?

Nitin Patel: Commercial vehicles.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Nitin Patel for his closing comments.

Nitin Patel: Thank you very much to all the participants who have taken their valuable time for understanding the business and from basically all the questions I can understand that everybody is rigorously monitoring the economy, what is happening on the ground actually. So here we would like to also propose, I think that I would get some ideas from some of yours basically, whether basically we should come out with what is happening on the ground on some say fortnightly or monthly basis, so that will help you basically to what is happening actually on the ground, how the numbers are moving. So if required, we are basically ready to consider basically that sort of things. So everybody of us, we should have a clarity of the coming period of time. So this is one proposal from my side. Any of you can contact to Mr. Varun Mehta in this regard, so we will ask our team to basically prepare the data and submit

this. This is one thing and again there is no further thing, basically the company and we are mainly focusing on the HAM projects for the coming period of time and obviously the churning up of the assets because what we understand when the finance cost will go down to some extent from now, so it will be very easy to basically to reach the particularly valuation aspect for the company. So that period what we understand that is coming near and near with these. So these are the broad things from now. Again thank you very much to all for taking your time. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of Equirus Securities that concludes today's conference. Thank you for joining us and you may now disconnect your lines.