



“Sadbhav Engineering & Sadbhav Infrastructure Limited 4Q and FY2021 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Sadbhav Engineering & Sadbhav Infrastructure Limited 4Q and FY2021 Earnings Conference Call, hosted by Asian Markets Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amber Singhanian from Asian Markets Securities. Thank you and over to you Sir!

Amber Singhanian: Thank you, Faizon. Good afternoon everyone. On behalf of Asian Markets Securities, I welcome you all for Q4 FY2021 Earnings Conference Call of Sadbhav Engineering Limited & Sadbhav Infrastructure Projects Limited. We have with us today, Mr. Vasistha Patel, CEO of Sadbhav Engineering and MD of Sadbhav Infrastructure and Mr. Nitin Patel, ED and CFO of Sadbhav Engineering Limited representing the company along with their team. We shall have a quick update from the management and then we can proceed with the Q&A session. Over to you Nitin!

Nitin Patel: Thank you very much. Good evening everyone. On behalf of Sadbhav Group, I warmly welcome you all for the earnings call for the quarter ended March 31, 2021.

Let me begin first with SEL financial numbers and then we will update for SIGL financials post that Mr. Vasistha Patel will update for the status of various under construction projects as well as the bidding details.

The income from operations for the quarter stood at Rs.426 Crores and for full year ending March 31, 2021, stood at Rs.1623 Crores. EBITDA for the quarter stood at Rs.68.46 Crores and for the full year ending March 31, 2021, stood at Rs.211.38 Crores. EBT for the quarter stood at Rs.11.51 Crores and PAT for the quarter stood at Rs.47.21 Crores. EBITDA margin for the quarter stood at 16.08%. The segment wise revenue breakup for the quarter is already mentioned in the media release.

Gross debt as on March 31, 2021, stood at Rs.1210 Crores which had further reduced by Rs.90 Crores in April 2021 and gross debt stood at Rs.738 Crores as on March 31, 2020. Loan given to SIPL stood at Rs.419 Crores. Order book as on March 31, 2021, stands at Rs.9328 Crores. Segment wise w order book has been provided in the media release.

The breakup of debtors as on March 31, 2021, is as follows. The total book debt is Rs.414 Crores, which includes the HAM Rs.270 Crores, EPC is Rs.65 Crores, mining Rs.14 Crores, irrigation Rs.38 Crores and other project is Rs.27 Crores. The work-in-progress,

which includes some unbilled revenue, and the HAM is Rs.456 Crores. Price escalation is Rs.292 Crores. GST to be recovered under the change in law is Rs.49 Crores. EPC projects work-in-progress is Rs.249 Crores. Mining is Rs.19 Crores. Irrigation is Rs.179 Crores and other projects are Rs.95 Crores. Total is Rs.1339 Crores.

Other than this, there is a non-current asset of Rs.267 Crores, which includes the arbitration awards already received in favor of the company of Rs.194 Crores so the awards which has already been received to the company is Mumbai–Nasik, which is Rs.120 Crores, Rohtak–Panipat receivables by SEL is Rs.58 Crores and others are Rs.16 Crores.

Now starting with the SIPL financial numbers, the standalone business revenue from operations from quarter ending March 31, 2021, stood at Rs.60.37 Crores and for full year ending March 31, 2021, stood at Rs.192.76 Crores. The finance cost for the quarter has remained at Rs.40.31 Crores as compared to the corresponding quarter, which remains at Rs.46.07 Crores whereas it remains Rs.127.64 Crores for the current financial year ending March 31, 2021, as compared to Rs.213.29 Crores in the previous financial year. Profit after tax for the full year ending March 31, 2021, stood at Rs.21.89 Crores compared to the corresponding financial year of Rs.376.62 Crores, which is mainly because of the large monetization took place during the February 2020.

In the toll collection segment for Ahmedabad Ring Road we have seen the toll collections revenue in Q3 was Rs.30.57 Crores and in Q4, it was Rs.31.80 Crores and for Maharashtra Border Check Post, in Q3 it was Rs.60.05 Crores and in Q4, it was Rs.6.08 Crores. The toll collection for Rohtak–Panipat and Rohtak–Hisar projects has been stopped since the December 25, 2020, due to farmer’s agitation in the state of Haryana. Since the toll suspension remains for more than 180 days, these have triggered the force majeure event for the concession agreement and now we are in the process of taking appropriate steps to mitigate all these losses as well as the remedy under the concessional agreement.

SIPL has a current outstanding order book of total Rs.3990 Crores, which includes the ongoing HAM projects as well as the SPVs, which has already been sold to IndInfravit Trust, so this put tighter is Rs.3990 Crores.

Revenue has been started from flowing from these projects also and in the current quarter the revenue of Rs.59.18 Crores has been booked over the O&M business of HAM SPV and also maintenance assets transferred to IndInfravit Trust. Consolidative debt of operational SPV as on March 31, 2021, stood at Rs.3219 Crores including Ahmedabad Ring Road.

The consolidated debt as on March 31, 2021, for under construction SPV is around Rs.2303 Crores and standalone basis around Rs.952 Crores, which includes the loan from SEL

amounting to Rs.419 Crores. In the month April 2021, we have concluded and entered into a long term arrangement with Alliance and AMP Capital by issuing NCD amounting to Rs.550 Crores to meet the balance equity commitment and to repay the earlier issued NCDs in SIPL.

Also we have monetized the 7% of units of IndInfravit Trust out of 10% holding and fetched Rs.441 Crores from the state transaction. In aggregate we realized Rs.991 Crores from both transactions. In HAM projects at SIPL level we have fully completed equity infusion of Rs.1070 Crores from the sponsor site so in short the HAM projects equity commitment has been completed for all the nine projects so far as sponsors as SIPL is concerned.

Now I would like to provide the update about the arbitration awards in seriatim. In Rohtak–Panipat, the net outstanding amount is Rs.115 Crores including accumulated interest. The matter is pending at Delhi High Court and hearing both were affected due to the second wave of the pandemic. Currently the court has already started functioning. Apart from that we had lodged a claim of Rs.1706 Crores on NHAI pertaining to Rohtak–Panipat towards the construction of alternative route, which is constructed by Haryana State Government and NHAI put together, and which is also the diversion and breach of the consequent agreement according to our assessment and because of that we have obviously this been the reason we have faced significant the revenue reduction in this particular asset.

The matter is under the Arbitration Tribunal; however, based on the NHAI request both the parties have submitted joint applications before the Arbitration Tribunal for conciliation of this dispute along with the NHAI Authority so the matter under conciliation is going on and we are expecting the outcome of the conciliation should come within three to four months. In the Mumbai–Nasik project we have received unanimous award of Rs.192 Crores in our favor plus the interest of Rs.60 Crores which is already accumulated on the same making it Rs.252 Crores. Out of the same, 72% belongs to Sadbhav Engineering. So currently the matter is under subjudice, and we are expecting that this may also start the conciliation with the NHAI. So this is pertaining to the ongoing arbitration award. So with this I will hand over to Mr Vasistha Patel to discuss the status of the current ongoing projects and operations of the business. Thank you very much everyone for listening to me.

Vasistha Patel:

Thank you Nitin. Good evening to all participants and thank you for taking your valuable time to attend the earning call.

Coming to underconstruction projects, the status of major projects is as under. Bhavnagar - Talaja as updated earlier, we have received PCOD for 34 kilometers out of 48 kilometers

with effect from February 20, 2020, and also we have received two proportionate annuity from NHAI and as of now 90% work has been completed.

In Udaipur Bypass Project, we have received a PCOD for 18 kilometers out of 23 kilometers with effect from July 31, 2020. We have also received first proportionate annuity in the project and 94% work has been completed till date. The Rampur–Kathgodam package one PCOD has been approved by NHAI with effect from October 2019 for 31 kilometers out of the total length of 43 kilometers and we have received three proportionate annuities in the projects where 76% has been completed till date.

In BRT Tiger Reserve Bengaluru Project we have already applied for a PCOD for 89 kilometers stretch out of the total length of 170 kilometers and expected to receive PCOD in current quarter. Currently, it has been recommended by RO NHAI followed by Consideration Committee with effect from December 2020 for 89 kilometers and 82% work has been completed till date.

The Una - Kodinar project, we expect to receive PCOD with effect from December 19, 2021, for a 21 kilometer out of total length of 40 kilometer before the end of Q1 FY2022. 65% work is completed. Rampur–Kathgodam package 2, we expect to receive PCOD with effect from October 19, 2021, for 20 kilometers out of revised length of 43 kilometers before the end of Q2 FY2022.

The Waranga-Mahagaon Project 72% work has been completed and we expect to receive PCOD before Q2 FY2022. 52 kilometers PQC already completed out of 66 kilometers. Jodhpur Ring Road 32% work is completed. The Kim-Ankleshwar 12% work is completed, Gadag-Honnali 10% work is completed, Lucknow Ring Road we expect completion by Q4 FY2022 and 44% work is completed. In Ahmedabad–Rajkot 2 package almost 44% work is completed, and we expect to complete both the projects in Q2 FY2022. Mumbai–Nagpur package 5, 26% work has been completed. Ahmedabad–Dholera we are under process for obtaining the appointed date in the project. The land acquisition is going on.

In the nutshell, we have already received PCOD for three HAM projects and four HAM projects are expected to receive PCOD in current FY2022 H1 and three more HAM projects shall achieve PCOD in FY2023.

On the bidding activity NHAI has called bids for 23 HAM projects worth Rs.26750 Crores and which bid submission rate is before the end of August 2021. NHAI has also called a bid for 13 EPC projects worth Rs.11410 Crores for which bids are to be submitted before the end of July and August 2021.

There are six road EPC projects worth Rs.11200 Crores for which we have submitted the bids. The bid opening is expected soon. So with this we complete our opening remarks. Thank you very much for listening to us. Now we may please start Q&A session.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi: I wanted an update on the timelines for the SEL and SLPL transaction of the merger?

Nitin Patel: Obviously, we have received the lenders approval, shareholders approval as well as creditor's approval and the matter has been submitted to the NCLT in Ahmedabad. Only because of the second wave, the merger could not be started but the first hearing was done in 28 and the revised date has been issued basically by the end of July so the hearing has been deferred by the NCLT so by July end again the hearing will happen for the same.

Riddhesh Gandhi: Got and any risks due to this actually happening or it is only a procedural law?

Nitin Patel: We have already received the required approval for all the same and the necessary regulatory approval is also being completed so far as the stock exchange and SEBI is concerned so we have already now submitted. The process as I have mentioned it is on actually.

Riddhesh Gandhi: Got it understood and the other question was other assets, which we are looking to sell to the infrastructure the REIT including the Check Post? Any incremental sales we are expecting Sir?

Nitin Patel: As we all are aware that the company has started because the asset which we have built up over the period the intent is to monetize the same and also go for the reduction in the deleveraging the balance sheet as well as the focusing more and more on the EPC that is the whole thought process and during the last almost all three to four calls we have already mentioned so after monetizing the eight assets, now we are in a process of monetizing the Ahmedabad Ring Road and three HAM for which we have already received the PCOD and apart from the same, we are also intending to monetize the Maharashtra Border Check Post okay so as and when thing will move up, the process will continue and we will get back basically investment along with the returns.

Riddhesh Gandhi: Got it. Thank you. That is all from me. Thanks.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital Advisors Limited. Please go ahead.

Mohit Kumar: Thank you. Thanks for the opportunity Sir. Sir three questions Sir. The first is the last quarter I think EBITDA margins are pretty high. Is it because primarily due to some of the projects, which may have closed in the quarter, which lead to the very high margin? Can you please confirm that?

Nitin Patel: There are two to three reasons. Obviously, some of the projects which were there nearing to completion so normally what is happening in normal practice when it got certified by the lenders, engineers and we will get the payment. We will book the revenue and in some of the just recently completed projects so certain certification has happened in the last. So that is one of the reasons. The second is also one of the exceptional items which has also gone basically below the line. So that is also one of the reasons. The rest of the thing what we are expecting in normal course the EBITDA may remain between say 12% to 13% even for the current order book what we basically say in a normal course of activity.

Mohit Kumar: It is good to see that we have raised money and now we are in a better position to improve our infusion so what kind of guidance or what kind of revenue we are expecting in FY2022 now?

Nitin Patel: The process as I mentioned we are obviously actively working on the same and the thought process as we can say that the idea is to deleverage Sadbhav Engineering almost other than the working capital. The rest of the debt we were intending to deliver by the end of March 2022 so that is the process how we are currently looking to do. Obviously based on all the negotiation and how the things got finalized according to that we will go ahead for completing the monetizing transaction.

Mohit Kumar: I am asking about the revenue guidance some revenue guidance for FY2022?

Nitin Patel: For the revenue, I can say obviously because this year was not so comparable as compared to the previous year and also we had certain activities with regard to completing the funding of equity into the HAM. Now it has been completed in Q1 so we are expecting the current year, we will see almost at least around the same minimum 15% to 20% growth over the current year the FY2021 numbers actually. So that seems to be reasonably fine and also as Vasistha has mentioned that the Surat metro and these two Dholera projects will also generate the revenue in this year actually so this will be in addition to what has been executed and generated during the last year actually.

Mohit Kumar: Sir in your opinion when can we achieve Rs.600 Crores to Rs.700 Crore's kind of revenue run rate on a quarterly basis?

Nitin Patel: As of now, our focus as I have mentioned that because currently obviously this is second wave there was some disruption but now we are expecting nothing happen and the things will remain basically in a completely full-fledged manner, and we can say that this is the conservative approach. Everything will remain as it is so things can further improve also. Because what has happened the current environment we have seen during the last 14 to 15 months and the business has also taken some of the hit actually. So considering this we are giving this basically the thought process with regard to the revenue.

Mohit Kumar: Understood Sir. Lastly, can you please confirm are we considering conciliation for our both the road projects, Rohtak–Panipat and Rohtak–Hisar?

Nitin Patel: Actually, as per the terms of considering on agreement the force majeure event has occurred. Say 180 days when the toll remains suspended because of any reason which is the beyond the control of concessionaire and authority when this leads to indirect political event actually so now we are in a process and our view is very clear that we should basically come out of this, and this will obviously list out the reduction in the debt significantly and also there will not be any support so far as the project is concerned actually because the revenue has been now suspended.

Mohit Kumar: Thank you Sir and best of luck. Thank you.

Moderator: Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: Thank you Sir. Thanks for taking my question. Sir please, three questions from my side. Sir in Q3 of this year we did a turnover from Rs.556 Crores whereas in Q4 we did only Rs.425 Crores? Even in Q4 is weak quarter in which we tend to do the maximum, the COVID wave was only visible from the month of April so what was the reasons that the turnover in this Q4 was so below the expectation and also lower than Q3?

Nitin Patel: Obviously, there are largely we can say that two or three reasons actually. One is we could not start the revenue basically from the three EPC projects so that is one. Two Dholera of almost Rs.1572 Crores and in Surat Metro this is Rs.380 Crores. The Surat Metro has just stated in the month say by end of March so in this quarter we will have the revenue from the same. Dholera we are expecting very soon the appointed date will be taken because that has been deferred because of the non-completion of the land acquisition due to the various reasons including the pandemic by the authority. So this is one. Second obviously because

in HAM there are certain basically the commitment was also pending from the company side okay regarding the equity infusion so that has also to some extent it has impacted but now this has been completed in the mid of April and by the end of April all the equity commitment, the infusion has been done for all the HAM projects so now all these projects has to be completed with the balance, the grant and then debt which is undrawn so that is the way and this will be smoothen the further execution for the balance period.

Vibhor Singhal: Are we comfortable with the working capital limits that we have with the various banks? Are we facing any liquidity crunch as such this is also impacting our execution?

Nitin Patel: Now I can say that because of the equity commitments, which was done by the company and we have also stated during the previous calls also because certain arrangements as far as HAM projects equity is concerned, has already been made by SIPL, which could not be materialized because of the lender has basically could not complete their commitments so that is the reason and now with arrangement and generation of Rs.991 Crores actually what we have mentioned that in this particularly April itself so that has eased out the further arrangement and we are expecting that the further monetizing is also on the cards. This will also further basically improve the cash flow as far as the business is concerned actually.

Vibhor Singhal: That is good to hear Sir. Sir can you give me the fund limits and fund based limits that the company enjoys and how much of that has been used?

Nitin Patel: So far as non fund based we have already in the limit of Rs.2000 Crores in Sadbhav Engineering Limited so out that almost around Rs.1680 Crores or Rs.1700 Crores is under utilization. The remaining is available. I think fund base we have a gap of almost around Rs.45 Crores to Rs.50 Crores, which is available now.

Vibhor Singhal: So what is the total limit that we have funds?

Nitin Patel: Rs.550 Crores.

Vibhor Singhal: Rs.550 Crores so we are utilizing around Rs.400 Crores to Rs.500 Crores of that?

Nitin Patel: Yes around Rs.490 Crores to Rs.500 Crores is being utilized.

Vibhor Singhal: Right and if I talk about this quarter we are already at the end of Q1 so we know that in the month of April, and May the execution be impacted by the second wave of COVID so how badly was it impacted and how are right now? Is the labor all back and supply chain all resorted and are we back to 100% of the utilization now that we are sitting in the month of July?

- Nitin Patel:** Now the things have obviously improved during the last 25 to 30 days. I can say that in the month of June and the people as well as also the agencies came back in a large number so this has been now triggered and also as I have mentioned we are also completed the equity infusion so this will support, but obviously from the mid of April to say the end of May there was some disruption was there actually and now we are expecting that let this to continue. Actually there should not be any further basically the impact of the current pandemic okay so then the things will continue to improve actually now.
- Vibhor Singhal:** Sure last bookkeeping question from my side. The standalone debt at the Sadbhav Engineering levels seems 1210 Crores?
- Nitin Patel:** Standalone basis I think it is Rs.1210 Crores which has been further reduced by Rs.90 Crores in the month of April.
- Vibhor Singhal:** Sir the debt out of that given to SIPL is Rs.419 Crores?
- Nitin Patel:** The loan given to SIPL is Rs.419 Crores.
- Vibhor Singhal:** The holdco debt as SIPL?
- Nitin Patel:** You mean to say that SIPL holdco.
- Vibhor Singhal:** Yes SIPL holdco what is the debt at that level?
- Nitin Patel:** Other than the SIPL holdco debt is almost around the same Rs.525 Crores was there actually as of March 31, 2021, which has been basically largely the mutual fund has been paid off; however, we have raised from the Alliance and AMP which is a long-term in nature now.
- Vibhor Singhal:** Sir this advance transaction which happened this will be completed by March? It was basically committed in Q1?
- Nitin Patel:** Can you please repeat. I could not understand please. Can you repeat the question?
- Vibhor Singhal:** Sir this money that we raised from the Alliance Group and by the sale of InVIT can we use that money to pay back the NCDs and all? On that transactions happened before March 2021, or did they happen after March 2021?

- Nitin Patel:** It happened after March 2021. This is in the month of April and first week. On 15 April 2021 Allianz infused Rs.550 Crores and in the first week of May we have monetized the units to the tune of Rs.441 Crores.
- Vibhor Singhal:** Right so this will reflect in the Q1 balance sheet numbers when we are looking at it?
- Nitin Patel:** Yes exactly.
- Vibhor Singhal:** Great Sir. Thank you so much for taking my questions. I will come back in the queue if I have anything more.
- Moderator:** Thank you. The next question is from the line of Meet Vora from DAM Capital Advisors Limited. Please go ahead.
- Meet Vora:** Thanks for the opportunity. The first question was regarding taxation in Q4 of the total profit we are able to see that around Rs.36 Crores is a positive impact of taxation so in terms of current tax and deferred tax have we taken MAT tax credit and at the same time we have also guided that we will not be using Section 115 be it AA lower tax regimen so what tax guidance are you going to give going forward and at the same time can you just explain the current affect of tax in Q4?
- Nitin Patel:** Actually, in current quarter the excess provision of income tax, which is written back of the earlier years of 2019-2020 is to the tune of around say Rs.19.36 Crores actually and also the deferred tax assessment that is due to the sale of one of the assets that is windmill we have already sold that asset particularly last year so that has so that created the reversal of the tax to the tune of Rs.16.33 Crores so this is mainly largely the impact is these two items. So far as the MAT is concerned we have unclaimed basically. The MAT is almost to the tune of Rs.110 Crores which is available as of now okay and we also have a decent time period to avail that credit so that is why we are continuing as of now in the old tax regime sooner as and when the tax liability comes so we can utilize that credit and once we will absorb then we will decide how to go under which tax regime that is how the tax assessment has been planned.
- Meet Vora:** Thanks. Understood and one more question was towards the order book guidance so what kind of order book are we expecting in FY2022?
- Nitin Patel:** Frankly speaking the focus currently it is in the EPC mode and Vasistha Bhai has also told during his speech that whatever the bids we are submitting into the EPC currently the six projects work around Rs.11200 Crores where the bids has been submitted and we will continue to focus on the EPC. Obviously, the competition level is significant, but our view

is very clear that because the number of bidding activity we will increase almost all bids we will participate, and we will see that it should trigger at an appropriate level actually because it is not that thought process we should put the bids at any numbers actually and then end up into the reducing the margins and everything so that is how we are contemplating that.

Meet Vora: Sure Sir. Is there any particular probable expectation of anyone doing the bids that you have given or are we at this back?

Nitin Patel: No currently it is not there. So let the bid to open actually the bids we have submitted so then after we will be able to understand actually right.

Meet Vora: Sure Sir understood. Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Ritwik from One-up Financial Consultants. Please go ahead.

Ritwik: Thank you for the opportunity Sir. Sir I have a few questions on SIPL. Firstly what is the debt on Rohtak–Panipat and Rohtak–Hisar?

Nitin Patel: The Rohtak–Panipat the outstanding date is Rs.932 Crores. In Rohtak–Hisar it is Rs.1042 Crores including the interest on that basically because since the toll has been suspended from December 25, 2020, so continuously only the interest has been accumulated because without the revenue.

Ritwik: Now that we had already lost the claim because in Rohtak–Hisar they had made an alternative route and since the last six to seven months the farmer agitation has led to no toll collection at all so we are going to invoke force majeure so what happens now with both these assets like in terms of place and then in terms of force majeure so what I am trying to understand is that how do we get out of this project and what is the end game for these projects?

Nitin Patel: Ultimately, now as for force majeure there are two things. One is the simple way if we see, it will trigger the termination event under the indirect political event actually and under that 100% of that debt due and 110% of the adjusted equity is to be paid by the authority. That has also been triggered so as I have mentioned 180 days has been completed on 24 June 2021 actually. So now we have initiated the process. Almost we are in a final stage of getting the legal opinion and also the framing physically the strategy for the same and in Rohtak–Panipat because apart from this event the alternative route the authority has already started the conciliation and also there is one arbitration award to the tune of net amount of

Rs.115 Crores so that is also. The authority wants the conciliation of all the things put together so that process has been completed. So according to our assessment just within the coming two to three months, the things will be completely settled and may be closed actually so far as these two projects are concerned actually and we are completely confident that these two will be do away because that event will also take a positive place so far as the situation of these two projects are concerned.

Ritwik: Best case what could happen for all is that with these projects that taken by NHAI, and we get part of the Rohtak–Panipat claim? Then that could be a positive equity infusion for us right? Is that a right understanding?

Nitin Patel: Obviously. It will be positive ultimately so that is why I am telling second point the debt obligation will also now passed on to the NHAI so earlier obviously this project we were suffering in the reduction in the revenue because of the various roads has been created by the authority and the Haryana State Government. So this event will also support the closer of the project.

Ritwik: Sure and Sir lastly what is the equity that you have invested in Maharashtra Border Check Post?

Nitin Patel: When we did the closure it was the Rs.285 Crores of the equity has been infused in Maharashtra Border Check Post.

Ritwik: Rs.285 Crores?

Nitin Patel: Yes.

Ritwik: Sorry one last question is on the annuity amount from the PCOD project already received what would be that in FY2022?

Nitin Patel: You mean to say the annuity amount?

Ritwik: Yes for the HAM projects that we already have PCOD on and the upcoming that you have mentioned four projects in Q1 and Q2 FY2022 so what will be the total annuity amount on all these projects?

Nitin Patel: All three put together I am exactly, but it may be to the tune of around of Rs.130 Crores actually basically all the three put together Rs.130 Crores actually, but exactly I do not have the offline numbers.

- Ritwik:** On top of that we will receive for the part of the four projects that will get PCOD in H1?
- Nitin Patel:** Yes in H1 obviously as Vasistha Bhai has mentioned three of the projects we are going to get the PCOD in the near future. One has already been completed under the conciliation by authority. Another two has already been recommended so we are awaiting so just within a couple of months that should be over.
- Ritwik:** Sir if I have more questions I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good evening Sir. Sir my question is on our projects. Sir when will the Ahmedabad Ring Road project get the money because we have received the approval from the lenders? The NHAI approval is still pending, or we are about to receive that?
- Nitin Patel:** The authority approval we have just received. Now the process is on actually the validation of the traffic during this because the pandemic period has already gone so that is going on and I think the largely we are basically on the same page so it should happen actually in this particular because we are expecting that within three to four months the transaction should be through.
- Jiten Rushi:** Even after receiving the approvals from the all the projects, repayments it will take three to four months so it should get over?
- Nitin Patel:** Along with that actually we are also including the three HAM projects along with that.
- Jiten Rushi:** So if you see what is the money if you receive for others you will receive almost like Rs.170 Crores to Rs.180 Crores pending and then?
- Nitin Patel:** No. Ultimately, it is the indication we have received from the Ahmedabad Ring Road there is no reduction rather we will see upside in the value in Ahmedabad Ring Road because the traffic has recently grown actually post the pandemic and also certain events have taken place within the city area so that has also increased the traffic and second the HAM projects also when we have received the monetization so that all three put together we have infused the equity to the tune of around Rs.320 Crores to Rs.330 Crores.
- Jiten Rushi:** How much amount you will receive on completion of the target Sir?

Nitin Patel: It depends upon the final negotiations actually I can only say that Ahmedabad Ring Road is assigned value, earlier it was Rs.267 Crores. HAM as I have mentioned is Rs.330 Crores to Rs.340 Crores has been infused so we have to negotiate and close how it basically getting completed so based on the HAM final valuation we will be able to work out the total valuation. Two put together it should be about minimum I think Rs.525 Crores to Rs.530 Crores around Rs.725 Crores.

Jiten Rushi: Basically by October or November we should come to know the conclusion of these transactions.

Nitin Patel: Exactly.

Jiten Rushi: Sir on the execution front now Sir I know we have not received land for many projects right and we have always been saying we have completed 50% or 60% and you have taken the PCOD now in the order backlog we always show 100% of your order backlog so what would be the existed order backlog of executive order backlog as on date? Can you give the number because irrigation has moved but mining has not moved this quarter and on the road also? What is the executable order backlog because our order back log seems high Rs.9300 Crores but out of which I am assuming execution could be 60% and 70% would be executable Sir?

Nitin Patel: Ultimately, I can say that irrigation that is the last leg and we have already intimated to the client actually to either provide the line or basically out of that one project where the order book is around Rs.170 Crores or Rs.180 Crores that is under execution. The remaining two once we get the land then only we will be able to move forward. In mining obviously there are the certain basically areas where certain mine area has to be opened up by the client so in three of the projects actually we are not in a position to move in this particularly mining area and the rate only one or two projects where it is under execution. So we will see that this will continue. In road sector all the projects on the track actually. So we do not see the basically there will be any reduction that is the period we have given the breakup also in the media release.

Jiten Rushi: No. I understand but out of the land which is not in our possession so that project will again it is there in the order backlog, but it will take some time to complete right?

Nitin Patel: In all HAM actually now the things have been over because as we have mentioned three we have received the PCOD the balance land has already been available. We have reached to a certain number. Only the Ahmedabad-Dholera the appointed date has not yet happened actually. Many of the projects we have already started.

Jiten Rushi: Sir on the balance sheet side can you give me numbers for outstanding mobilization advances as on March retention money as on March end with debtors you said the breakup, but the total if you can give the total debtors outstanding as of March?

Nitin Patel: Ultimately, I can say that in particularly in an outstanding mobilization advance almost around a Rs.390 Crores and in the retention money, I think it almost around I have to see because retention number is not available with me. Debtors, I have already given. The book debt is Rs.414 Crores. The work-in-progress basically the unbilled revenue is Rs.1339 Crores where we have mentioned. The noncurrent assets I have given the details Rs.267 Crores, which includes the arbitration award, which we have received in our favor is Rs.194 Crores. This is without the interest I am telling. Whatever interest will come that will be recent to that.

Jiten Rushi: Sir on the results for the quarter we have seen high other income considerably high this quarter so what was the reason for that high other income Sir?

Nitin Patel: There are the two reasons; one obviously is the interest component received from the SIPL. The second one is because of the certain amount which is not required to be paid actually okay so that has been written back so that is around to the tune of around Rs.11 odd Crores actually. So this is the two main basically the component which is there in the other income.

Moderator: Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi: Good afternoon Sir. Thanks for taking my question. Two questions from my side. First what is the kind of capex and tax rate that we envisage in FY2022 and second if you could repeat the toll collection numbers for Ahmedabad Ring Road and Border Check Post toll gate for Q4? Thank you.

Nitin Patel: The capex obviously depends upon the new project because the current projects what we are already having the equipment is already there in the place actually right and so far as the toll collection of this Ahmedabad Ring Road and Border Check Post is concerned, in Ahmedabad Ring Road Q4 it was Rs.31.80 Crores and in Maharashtra Border Check Post it was Rs.61.08 Crores.

Moderator: Thank you. The next question is from the line of Neerav Shah from GeeCee Holdings. Please go ahead.

Neerav Shah: Good evening Sir. I have a few questions. Firstly on the InVIT front we sold around Rs.441 Crore's worth of InVIT and there was a gap between the realized value and the market so at

this point of time of the balance 3% what we are saying what is the carrying value of that InVIT?

Nitin Patel: Actually the balance 3% according to us it should fetch around almost around Rs.195 Crores to Rs.200 Crores.

Neerav Shah: Rs.195 Crores to Rs.200 Crores continuing with the question on the Rohtak–Panipat and the Rohtak–Hisar you mentioned that we have triggered the forced major close and the way we reimburse is 100% of the debt and 110% of the equity so if you separately give the total equity for these two projects how much is it?

Nitin Patel: In Rohtak–Panipat it was around Rs.240 Crores and in Rohtak–Hisar it was Rs.106 Crores.

Neerav Shah: So technically of this broadly Rs.350 Crores we can receive Rs.380 Crores plus the arbitration where we have received the favorable order so that is what the inflow can come, if we are successful or handing over the project? Is the right understanding?

Nitin Patel: I can tell you normally while calculating the debt due and 100% of debt due and 100% of the equity the formula has been given in the concession agreement and various circular of the NHAI so that has to be followed. There is some escalation mechanism has also been basically stated in the same and apart from that the conciliation which is going on obviously that is over and above including the arbitration award which NHAI also intending to settle this so this all put together in Rohtak–Panipat we will get concluded. In Rohtak–Hisar because other than the debt due and 100% of the equity in both the projects particularly we are also going to lodge the claim for this loss of revenue because of the farmers agitation because that is a genuine loss, which has been suffered and that is obviously under force majeure, but under settlement things will be worked out based on the ground reality.

Neerav Shah: On the face value how much in the best case receive from handing over these two projects?

Nitin Patel: Frankly speaking our try will be to get the maximum in Rohtak–Panipat we should get majority amount because it includes the claim as well as the award amount also. In Rohtak–Hisar we are of the view that it should be based on the final assessment of the NHAI but put together I think we should be in a position that we should get at least the equity what we have infused we should get back that money. That is what we are of the view but ultimately it will be finally assessed along with the authority because there are a couple of more things and also the certainly in the past also the authority has made a different, different mode of calculation while working these particular cognition values so based on the actual final assessment we will be able to tally that number.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Thank you for taking my questions Sir. Sir two questions the first one was on the Ahmedabad Ring Road transfer if I understand you correctly you are saying there are three more assets that you would want to club with this transaction and you are going to transfer four including three hybrids but are these two mutually exclusive transactions or let us say for some reason you are not able to get NOCs for hybrids is that you will not able to transfer Ahmedabad or Ahmedabad is separate and then three would be transferred separately?

Nitin Patel: No everything is separate and in HAM now actually given the NHAI circular is very clear. When the PCOD has been issued and six months have been passed so we can divest the 100% of the equity and now the process has been smoothened to a large extent NHAI level because series of projects are there and the people want to divest to the various funds and various funds, and various platforms so that NHAI has made some single window kind of clearance so far as the HAM is concerned now. So we do not expect that any kind of challenge will be there. Ahmedabad Ring Road as you have mentioned that almost we are through as far as the approval is concerned actually.

Prem Khurana: Sir in between there was the media article on Ahmedabad Ring Road wherein the authority wanted to kind of augment this road to six-lane and agreement was with concessionaire wherein they were supposed to augment? There was a value, and we are not comfortable with the value so that the fact that we do not intend to go ahead with the augmentation that would not delay the entire process right?

Nitin Patel: No. Ultimately now I can tell that the authority has already expanded the flyover through the various separate tenders without basically assigning the work to us and that has almost I can say that 70% of the flyover has been taken up now. Second so far as the highway portion is concerned now they have dropped that also. Even their authorities board they have dropped that the requirement. So there is no such requirement needed.

Prem Khurana: Just one last bookkeeping question from my side this is on the balance sheet for our Sadbhav Infra when I look at current assets FY2021 compared to FY2020, there is this current tax asset? Last year the number was around Rs.11 Crores? This year balance sheet of this year press release shows it as around Rs.852 Crores so if you could confirm this number? Is it Rs.11 Crores has moved to Rs.850 Crores because you are not doing any significant profit consol entity for SIPL so why would this number be there?

Nitin Patel: Can you repeat, this is pertaining to.

Prem Khurana: In Sadbhav Infra balance sheet for consolidated entity last year current tax asset was Rs.11 odd Crores? That number in this year for March FY2021 is reflected as Rs850 Crores in Sadbhav Infra Consolidated current assets?

Nitin Patel: Obviously, I will get it basically updated to you because I have to check with the tax department also okay. I will confirm to you.

Prem Khurana: Thank you.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take that as the last question. I now hand the conference over to Mr Amber Singhania for closing comments.

Amber Singhania: Thank you Faizon. On behalf of Asian Markets Securities I would like to thank all the participants and a special thanks to the management for giving us this opportunity to host the concall. We thank everyone. Nitin bhai, Vasistha bhai would like to add any closing remarks.

Nitin Patel: On behalf of the Sadbhav Group, we are very much thankful to all the participants as well as Asian Market Securities for taking this initiative. As you have mentioned that the company is focused completely is to complete the balance monetization process and just to go more and more focused on the EPC business so that is what we would liked to convey here and the decision making process because everybody is aware during the last 15 months so that has basically showed how the action has been taken. This is largely from our side. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Asian Market Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.