



“Sadbhav Engineering Limited and Sadbhav Infrastructure Project Limited Q3 FY2016 Earnings Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Sadbhav Engineering Limited and Sadbhav Infrastructure Projects Limited Q3 FY2016 Earnings Conference Call hosted by Inga Capital. As a reminder all participants' 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. Nitin Patel of Sadbhav Group. Thank you and over to you Sir!

Nitin R. Patel: Good evening everybody. On behalf of Sadbhav Engineering Limited and Sadbhav Infrastructure Projects Limited, I warmly welcome all the participants to the Earnings Call of Q3 FY2016. I am sure you must have seen the media release provided on stock exchanges for both the companies. Now to start with, on the macro front there is a steady flow of new orders basically from NHAI and other government agencies though this flow has slow down a bit in the last couple of quarters, but we expect that many bids in the next couple of months that is till March 31 are there in the pipeline.

Just to give a brief summary that we have submitted the financial bid for two projects worth 1571 Crores in road EPC space for which bid is expected to basically open within a couple of weeks actually. Financial bids are to be submitted for 11 projects worth 8870 Crores in road EPC space before the end of current month actually. This is basically the list of projects where the company has decided that the company is going to submit the bids actually and also RFQ are to be submitted for 13 more projects worth 14880 Crores in road EPC space within the next one month. This is over and above where we have already got the qualification, so this is a fresh qualification for the EPC space. So this is purely in the EPC front. All these hybrid annuity and BOT we will take through basically on the SIPL details and my colleague, Mr. Varun Mehta will give the details on the same later on.

Now on the mining segment there are the three large sized MDO orders that are there in the pipeline two from NTPC, which is the state of Chattisgarh, and Odisha each actually and from Gujarat State Electricity Corporation, which is in the state of Chattisgarh. These three are over and above the Karnataka Power Corporation bid actually for which we have already got the qualification, but because of certain technical issues, the bid has not been called by the government actually KPCL so far. Apart from that there are the two small sized MDOs from Damodar Valley, which is in the state of West Bengal, and Singareni Collieries Company, which is in the state of Odisha for which bids are to be submitted before March 31.

Now the order size of NTPC Projects shall be in the range of 25000 Crores to 30000 Crores each actually this is purely MDO given the life of the project is also beyond 25 years and for Gujarat State Electricity would be approximately 10000 Crores. Also I have mentioned earlier that KPCL order size

is also basically to the tune of 25000 Crores. So what we are seeing that there may be a shift basically in mining sector from the pure play EPC contract to the MDO kind of situation also in the company's front. Apart from that there are 18 projects worth 28090 Crores have been called for irrigation sector by the government of Telangana for which RFQs are to be submitted on February 15 this month itself and two projects basically worth 2200 Crores in the same irrigation sector for which the bids have been called by Government of Madhya Pradesh. So this is basically the order book pipeline in mining and irrigation.

Now what we would like to just brief that as I have mentioned that we will see some shift in the structure of the mining, bids where we can shift to the MDO kind of projects and also irrigation we will continue to explore the opportunities where we will find the real space and considering even the size also because in irrigation, I will take as a latter part in terms of the execution when we will discuss about the about execution for the quarter and for the nine months for the reporting period.

Now coming back to business order book as of December 31, 2015 stands at Rs.8273 Crores. The segment wise breakup of order book is already provided in the media release, I would like to request to all participants to have the look. We will obviously run it. If anybody does not have the details, they can ask later on. Now as discussed in the last couple of calls also BOT projects shall continue to drive the execution for balance part of FY2016 while FY2017 we will see the major execution will come from the EPC projects, which we won during the first half of the current year as well as the last year, the second half of the last year.

Now let me start with the summary of this quarter's financials. Income from operations for the quarter has increased by 4.27% to Rs.753.1 Crores as against Rs.722.3 Crores for the last year. EBITDA for the quarter has remained almost flat at Rs.73.85 Crores as against Rs.73.4 Crores in the last year. Profit after tax for the quarter stood at Rs.27.35 Crores as against Rs.37.7 Crores of the last year. During the last year there was a tax reversal during the quarter. So obviously the difference is coming mainly because of the tax adjustment. The construction expenses as a percentage of total revenue from operations have reduced to 80.76% as compared to 82.65% in Q3 FY2015 primarily this is mainly because of the lower commodity prices.

EBITDA margin for the quarter stood at 9.81% as against 10.16% in the same period of the previous year. There is a slight reduction in the EBITDA margin and the main reason what we have envisaged it is basically due to imposition of VAT at 5% on the execution in the state of Haryana where we have executed 160 Crores of the job in Rohtak-Hissar project, but if you see the nine months numbers actually so on the nine months basis EBITDA margin basically remain at 10.48% as compared to 10.21% in the same nine months of the previous year. So obviously there is the tax adjustment

because of the one-time quarterly the larger procurement in the single project, and where we have adopted the composites on flat 5%.

So we expect the EBITDA margin to remain at around 10.2% to 10.4% in the Q4 of FY2016. Now during this quarter SEL had to provide support obviously to Mysore-Bellary Highway Private Limited. This is one of the SPV which is implementing one of the annuity project in the state of Karnataka and the support has been provided to the tune of 47 Crores that is mainly due to delay in receipt of the grant from the client and also company has provided a grant support to the tune of 27 Crores as on date of the reporting date in the two projects this Rohtak-Hissar and Bhilwara-Rajsamand these two are the NHAI projects and where we were supposed to get the grant, obviously all these amounts we will receive during the current quarter itself. In fact for Bhilwara-Rajsamand we have already received, Rohtak-Hissar we are about to receive the same.

Now as on December 31, SEL has given a total loan to SIPL to the tune of 610 Crores, and we expect the same will come down by Rs.90 Crores over the sale proceeds of stake in Mumbai-Nasik Expressway Limited and the status is that all the CPs have been complied by the company, escrow agreement and everything is in place, so it is just matter of days that we should get this money in the place. So obviously we will come and make the required announcement particularly pertaining to the receipt of the same and this will straightway be utilized to reduce the payback to SEL. Now also the balance grant from the same three projects to the tune of 74 Crores as and when come it will be paid by back to SEL. So this is the macro point. Apart from that on the execution of the transport business obviously the top five projects by execution during Q3 FY2016 have been disclosed in the media release.

Also as discussed during our last concall also we believe that we are on track to complete the BOT projects well before schedule. Also from Q4 onwards, the new orders which we won under the EPC segment that will start contributing to the topline in the business and particularly what we believe that FY2017 will have a larger share as compared to the Q4 of the current year. Now in irrigation and mining there are two things we would like to point out here. In irrigation, the company and management has decided to complete almost all the projects, which were small, small size contracts as early as possible because the idea is that the company wants to focus on larger sized contracts, all these in roads, irrigation, mining, all put together and as early as possible we will be able to complete these small sized contracts that will really help, so the complete focus is there to close all these small sized contracts and even in mining also, during the last quarter the company has taken the decision to the extent to reduce some of the job in Bharat Coking jobs mainly because of one, service tax issue was going on which was not sorted out during the quarter that is why we have slowed some of the work in BCCL job, but we expect that in the current quarter there will be a little bit improvement in

that execution because partially it has been sorted out, so this will give further incremental revenue in the current quarter also in the BCCL job which was not there in the Q3 in the reported numbers.

Now the changes in the order book of the EPC business, if you see that during Q3 FY 2016 one project worth Rs.319 Crores received from MSRDC in transport EPC segment was not allotted and hence reduced from the order book, but we continue to maintain basically strength and target that for the full year we will add at least 5000 Crores of the job in FY 2016 itself because normally we have seen historically that the large number of bids are coming during the month February and March now we are almost at the fag end of the year and considering the series of the bids which are there in the road sector in pipeline we are quite bullish that the new orders basically company can add in either it may be EPC, hybrid, annuity or the BOT toll basically activity but this will all be a combination of the three actually. During the quarter due to delay in start of the EPC projects there was certain impact on the topline for which we are confident that we shall cover up the same during FY 2017-2018 when we see new projects under the EPC will really start contributing on a full fledged manner. We do not see any other challenge because all the projects we have received the appointed date. Mobilization of all the projects new EPC projects has been completed. Even some of the projects we have already started, first bill have been raised in the January itself so now we will start to continue to see the momentum on month-to-month basis all these EPC businesses. Considering all these aspects the view is that the current year, obviously the business will be largely led by the transportation sector activity and also in terms of the order book we are of the view that the new orders as early as possible we are expecting from the transportation sector followed by mining and obviously the irrigation because the new bids which as I have mentioned in the pipeline the bidding will happen most probably before end of March, but as and when the award will happen then we will be able to give the complete clarity on the new order book.

These are the broad points from my end. Now I would like to hand over the call to Mr. Varun Mehta who is the CFO of SIPL and he will give a complete detail about the SIPL's business as well as the operations of all the BOT projects.

Varun Mehta:

Thank you very much Nitin bhai. Good evening everyone and welcome to the Q3 FY 2016 earnings call of Sadbhav Infrastructure Project Limited. I am sure you must have seen the Q3 FY2016 SIPL SPVwise revenue data, which was shared with the stock exchanges on January 7 and then the media release in relation to the Q3results which was shared yesterday only.

First I would like to provide a brief detail about the Q3 FY2016 and the YTD financial. The company's consolidated total income including the other income for Q3 FY2016 stood at 189.3 Crores and for YTD it was 477.8 Crores. Cash EBITDA for Q3 FY 2016 stood at 153.1 Crores and for YTD it stood at 389.4 Crores.

During this quarter revenue and expenses of Dhule-Palasnur Tollway Limited that is DPTL was consolidated from October 29, post the completion of its acquisition by Sadbhav Infrastructure Project Limited, and also the revenue and expenses of Shreenathji-Udaipur Tollway Private Limited that is SUTPL was consolidated from December 4, due to the start of the toll collection from December 6. Out of the consolidated total income, revenue from the operational projects stood at 178.1 Crores for Q3 while it stood at Rs.450 Crores for the YTD period, rest of the revenue is from the business activity in the SIPL standalone.

Cash EBITDA for the operational projects stood at Rs. 151.8 Crores for Q3 and Rs. 384.8 Crores for YTD which translates to a cash EBITDA margin of 85.19% for Q3 and 85.5% for YTD which is a normal EBITDA margin which is maintained in our BOT business. Cash outflow for the finance cost excluding the one time loss of the Nagpur-Seoni where we have just settled the derivative, which was taken for the ECB and which has been replaced by the bond so the cash outflow for the finance cost of the operational projects stood at Rs. 128.3 Crores for Q3 and Rs. 337.2 Crores for YTD period.

Other updates on the SIPL SPVs are as follows: AJTL has received the final completion certificate from the client with effect from January 7, 2016. AJTL has also received the compensation for the loss of toll revenue from cars amounting to Rs.3.47 Crores for the period from June 1 to December 31 and Rs.25 lakhs is pending to be received from the client. So in all we will receive a total compensation for the loss of cars during the above-mentioned period comes to around Rs. 3.7 Crores. However, the compensation as per the traffic numbers in the concession agreement comes to roughly around Rs. 4.46 Crores for the above-mentioned period. So the difference between the amount is still under discussion with the client and we are hopeful that the amount will be released by the client in the coming months.

The compensation for the loss of the toll revenue due to the stoppage of the toll on the state transport buses and the school buses is yet to be received and we are still in discussion with the clients. Major maintenance work in Aurangabad Jalna is expected to start by the end of this month and this will go on for the next fiscal year. I think by March 2017 the major maintenance work will be completed on Aurangabad Jalna.

During Q3 FY 2016, we have completed the refinancing of DPTL and Nagpur-Seoni. Refinancing of Bijapur-Hungund, Aurangabad-Jalna and Hyderabad-Yadgiri is in advanced stages and we expect it to complete it by the end of the current fiscal because we have received the sanction letter and also the client approval has been received. The final documentation is going on for these three projects. The refinancing of Maharashtra Border Checkpost and Rohtak-Panipat is still under process and we are discussing with the new set of lenders to get it refinanced with better terms and better interest rates.

SUTPL achieved COD on December 4 and the toll collections started on December 6. In case of BRTPL we have already applied for COD and the independent consultant of the project has recommended the PCOD to NHAI so we expect the COD to be received very soon for this particular project and this project will be operational I think in this current fiscal itself.

Work for the developed sanction in Dhule-Palasner is complete and we have received the PCOD for this particular developed section today itself and we have already applied to NHAI for the fee notification. I think once the fee notification has been received from NHAI the toll should expect to be increase by around 4 to 5 lakh per day in this particular project because of the increase in the tolling length of the developed section.

Work at Rohtak-Hissar is in advanced stage, and around 91% has been completed as on December 31 and work at Mysore-Bellary is also in advanced stage basically we have completed 48% so I think these are the only two projects, which are under construction right now. So we expect both this project to be completed by FY2017. I think Rohtak-Hissar will be completed in Q1 itself and Mysore-Bellary will be completed somewhere in Q2.

Traffic growth during the quarter stood as follows: For Aurangabad-Jalna that is particularly for the LCV and the MUV because of the stoppage of toll collection in cars and the state transport buses the traffic growth stood at 20.8% and this is particularly because of the DMIC phase I construction which is going on in Aurangabad Jalna, so the last 18 to 20 months, we have seen the traffic growth of around 15% to 16% on an average on this particular stretch. At Bijapur-Hungund the traffic growth stood at 7.5%, at Hyderabad-Yadgiri, it stood at 21.6%, at Dhule-Palasner it stood at 11.9%, at Rohtak-Panipat the traffic has increased by 1.6%, at Ahmedabad Ring Road the traffic has increased by 1%.

The traffic growth for the nine check posts that is particular in Maharashtra Border Checkpost which was operational also during Q3 FY2015 so there we have seen a toll revenue growth of 50% and this includes the plugging of the leakages which were there plus the regular traffic growth because there were certain issues in terms of the toll collection in Q3 FY2015 but now we have sort of started plugging each and every leakages on the site also. So there we have seen a phenomenal traffic growth particularly.

I think as per the numbers particularly what we have seen that the traffic growth for the commercial traffic is somewhere in the range of 10% to 12%, and this is particularly very encouraging after the lower traffic growth which we are seeing in FY2013-2014 if the economy picks up particularly going forward the commercial traffic will continue to show this trend particularly in FY2017 also.

Coming to the fresh bids, there are around 19 projects under the new model which is the hybrid annuity model worth around 16948 Crores for which the bids have been called by NHAI before March 15 itself and there are six projects in BOT toll worth 6412 Crores of which the financial bids have been called by NHAI before March 15 so particularly we have seen that present March are the sort of period where NHAI and MoRTH comes up with the highest number of orders, so we are looking forward to participate in the new hybrid model and the BOT toll also.

So with this we conclude the opening speech, and we can open up the Q&A session.

Moderator: Thank you very much. We will now begin the Q&A session. First question is from the line of Amit Sinha from Macquarie. Please go ahead.

Amit Sinha: Thanks for the opportunity. Sir, now after nine months of execution what is our guidance for FY2016 revenue for the construction business? Last quarter we stood at around 3400 Crores that was the number given by the management. So now what do we expect?

Nitin R. Patel: Two things considering the present order book because obviously now and actually anything new will come that will go into the next year so the present order book we are expecting that we should end up between 3100 and 3200 Crores instead of 3400 Crores and mainly because as we have stated that we have decided to slow down in the mining in the last Q3 itself, and also irrigation the focus is more towards the completion of the projects rather than building up more and more execution of these projects. So the idea is that the number of projects should come down, so we can have all the efforts for the new fresh bids or the new business opportunity in any of the sector. The company and management can completely focus and this mainly has happened because during the last couple of years or two and a half to three years when there was a little bit slowdown in the road sector order book obviously the company has consistently taken the orders in the irrigation and mining and it is evident that both the sectors order book has increased as compared to the historical ratio between all the three sectors, but now obviously we are coming on the track so we are expecting that we should end up between 3100 and 3200 Crores, which is the current order.

Amit Sinha: Sir, what should be the broader range of revenue in FY2017 given the current order book?

Nitin R. Patel: Current order book we are expecting that we will continue to have same number of turnover of say again the flat, we can see the 3100 to 3200, obviously it may go up by another 10% because EPC as a fresh EPC contracts because all of the focus is going to remain there, but obviously there will be incremental business will come from the new orders, which are as we have mentioned during our opening speech that there is possibility of and we are quite bullish that the new orders will come up in the kitty of the company.

Amit Sinha: Sir, what we have seen is that the orders which were won by us in fourth quarter of the last financial year the execution, the significant contribution from those orders has not come in yet, so any of the orders, which will be when which we will win in the next two months, are you sure that we will be able to execute those orders in FY2017 itself? So, what I mean to say is that the current order book would be mostly executed in FY2017 and based on that you are kind of guiding for a flattish kind of a revenue, right?

Nitin R. Patel: Correct. Two things; BOT or hybrid, whatever new will come obviously that execution will start during the end of Q1 or Q4, we will get the orders, straightaway execution in the Q4 of FY2017, but the EPC contracts because there are large number of EPC contracts particularly in irrigation also, even mining also because all kinds of resources including equipments, manpower everything is available within the company itself and we need not have to go for any additional capex, we need not have to wait for the transition period, so there obviously we can start as early as possible, particularly in road sector EPC obviously it will take one quarter's time period because if you see the total orders what we got actually the appointed date is itself the company has taken and then after the execution has been started in all the projects, only one project has not yet generated the bill, which is Ambala-Kaithal actually. There was some genuine problem of the bypass issue so what we have pressurized on the NHAI that unless and until that has been sorted out, we will not be able to execute it because once after reaching the certain level of execution and then if we are stuck, then things will be more worse actually for the whole of the completing of the projects. Client will also not allow to come back and also we have to incur the idling cost in terms of keeping the resources there itself.

Amit Sinha: Sir on the EPC projects which we have on our order book, we have got appointed date for all the projects now?

Nitin R. Patel: All the projects appointed date is there and even execution, mobilization of all the projects has been completed and the execution has been started except one even in January itself the bills have been raised on the clients also.

Amit Sinha: Lastly from my side, now given significant portion of our revenue will come from the EPC side, so what kind of margin profile we should look at in FY2017?

Nitin R. Patel: FY2017 historically you might have seen that almost it may be EPC or how, but the company has more or less maintained the margin level, but here also we can give and our guidance is that we should remain between say around 10.4 and 10.6 kind of EBITDA level for FY2017 based on the current order book.

Amit Sinha: That is it from my side. Thank you very much.

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

Nitin Arora: Thank you so much. Sir, just two questions; first is that as you mentioned about the mining order side and the Telangana order side of irrigation, when we look at the tenders of Telangana it ranges between 200 to about 4000 Crores. So can you just give us a clarity what size of orders we are looking at Telangana at this point and in how much time do you see that closing down? Number two, with respect to the roadside it seems like that the regional contractors are again back in the market whether it is GVR, whether it is Dilip we have seen a new player coming now, APCO, so somewhere do you think in FY2015 where it disturbed the pricing is somewhat you can see in the first six months which again can keep orders away from us? Just required clarity on these.

Nitin R. Patel: What we believe two things obviously first to answer on your first question that in Telangana the contract price ranges from 200 to 4000 Crores and in some of the projects we are getting independent qualification and some we had to go for the JV kind of arrangement so all these basically is going on parallelly so depending upon the comfort and the number of projects are large, obviously there will be some of the bidder, but the most important part, the first and foremost condition what the government has put in is any CDR company will not be allowed to participate in the tender process actually. So what we understand that the major part basically has been taken out and there are the limited players will remain in the region and obviously the probability is a little bit higher what we understand. The second point in road sector, obviously you have mentioned EPC we have seen the competition, even everywhere we are also admitting that the EPC there will be competition in the small sized contract but if you see the nature of the contracts as of now which is coming for the bidding there are the various contracts where the size of the contract is beyond 700 Crores up to 1500 Crores also there are the EPC contracts so there we will see a little bit less competition even in the past also during last one year this kind of scenario we have seen. Second thing, the number of companies order book is now also getting filled up because of the various orders what they have taken up actually. So there we are of the view that let us have a company cautious view, do not go and put the bids at whatever price, let us take a reasonable margin and then obviously we will get our own part of the share here and hybrid and BOT which we are considering that there will be very few players not everybody basically in the market whoever is there will be able to take, I would like to mention here that around eight projects which last year NHAI has and obviously the first half of the FY2016 where the NHAI has called bids for BOT projects one got cancelled that is the Sholapur-Bijapur and another seven actually out of seven only one has not yet got the financial close. Six are yet to achieve, so what we are of the view that this message is also very clear to the bidders who are coming in the range so we are quite sure that there are three or four other players who are there who has not taken the orders, they may come and take along with us, but we are quite hopeful and bullish that this is the area where we can reasonably put the bid and get the job.

Nitin Arora: Sir, my next question is on the balance sheet side. Now at one end of SEL we were talking about going into an MDO business, number one, we were talking about taking good amount of projects both at the irrigation and the road sector, but at the other end we are also talking about in hybrid, annuity model though I understand definitely the equity requirement would be less as comparable to BOT project but my question is that if we want to grow our scale on both the ends of the company and SIPL at this point is not making that amount of cash flow, which can even start paying back to SEL. So the point here is that what kind of a debt levels are we looking at for the company for SEL per se because it does not seem like because if we grow on this scale which is any which ways will start fruitful results in the coming time, but it seems like the debt is not going to reduce that much going forward? So just wanted a clarity on that.

Nitin R. Patel: That is a very valid point and two things, when obviously there is a growth phase particularly when there is enormous opportunity, and one has to see their balance sheet position very clearly and also assess it very properly so as part of the same frankly speaking the company and even management is actually open to churn the assets at SIPL level and also the company may basically it is not that the company SEL will continue to pump the money in SIPL because what we are seeing that post this refinancing of all the SPVs there will be a reasonable cash flow generation again at SIPL end and as I have mentioned that the churning up of any of the assets depending upon the comfort of the valuation going forward so the company is very open to do this kind of activity and we may add up some of the projects we may relinquish couple of days also as and when the time continue to pass on actually. So that way we will be able manage the scenario and at a standalone level, it is very much clear that what the money SEL has given now that every time SIPL will continue to payback as I have mentioned. One is the sales proceeds of the Mumbai-Nasik stake second thing the money, because of the grant released from the client these two will reduce some of the amount between SEL and SIPL and apart from that as I have mentioned any churn up of the assets or tomorrow maybe possible that if required there are various options likely partner at the SPV level also because this kind of business model is prone to this kind of arrangement going for it because these are the long 18 to 20 years concession so we have to look considering the growth opportunities and how to plan the equity requirement in the balance sheet itself.

Nitin Arora: Thank you very much Sir. I will come back for more in the queue. Thank you very much.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Thanks for the opportunity. Just wanted to understand on the mining side, you have highlighted some five to six big-ticket projects, which have an annual potential of almost 1000, Crores in terms of

revenue recurring revenue for the next 20 to 25 years so if I understand there are only four or five players currently in the mining segment who do MDO jobs?

Nitin R. Patel: Obviously recently the government of Punjab has called a tender almost the size of the tender was around 15000 to 18000 Crores so there were five companies they have put the bid actually, and almost we have seen that these four to five people are coming for the bids actually.

Parikshit Kandpal: Basically wanted to understand what kind of balance sheet strength is required whether one single entities? Are these entities so big whether they can take two to three projects, or if they get one project they will be happy and then they will not be bidding for other projects so what is your own assessment about the capabilities of these players and how do you stand within this competition?

Nitin R. Patel: Two things we are looking; one is basically in terms of the qualification criteria so obviously in qualification criteria Sadbhav Engineering meets all the qualification for all these projects actually. So, in terms of the execution, in terms of the network criteria, in terms of the average profit for the last three years actually and in terms of the average turnover for the last three years. So all these we are mitigating. Second thing obviously if you see the Punjab bid out of the five there are three people who in the JV actually. So obviously they are not meeting the criteria on a standalone basis. So what we understand that any one project is coming or two project is coming obviously company has to be basically make the arrangement of their own and what we understand that as I have mentioned there is probability that the churn up of the assets at SIPL level and if we take out the 610 Crores what SEL has given to SIPL so obviously practically SEL Sadbhav Engineering is a debt free organization, only the debt remains will be towards the equipment loan which is basically outstanding for the mining and the road sector equipment what we have taken actually. Further there is no any equity commitment pending on the ongoing and current projects actually. Also reasonably good order book is there with a good opportunity in terms of the EPC. Even I would like to share here that there is still around 190 Crores of the mobilization advance, interestingly mobilization advance is yet to be taken from the client for these projects where we already started the execution actually. If these will come in place obviously this will further help to improve the cash flow position in the company at the current level.

Parikshit Kandpal: Sir, if we win one project for 25000 Crores, so will it satisfy our hunger for orders or still we will be bidding for more projects in mining?

Nitin R. Patel: Obviously it depends upon the time scale. Say within how much time it is getting started actually so initially one project obviously what we understand we can go ahead, we have to taste the depth of the water and everything, everything has to be streamlined and going forward when the confidence level is boosting up, then obviously we can go for the second one but I think couple of projects will basically be sufficient to basically cater what company wants for going forward time.

Parikshit Kandpal: Sir, on the irrigation, we have order book for 1600 to 1700 Crores and we are executing almost 100 Crores on a quarterly basis, so when do we expect to finish this order book? What are the execution issues you are facing basically ramping up the execution or what are the constraints you are not executing these order book?

Nitin R. Patel: Irrigation obviously the focus is more on the completion of small, small projects and the projects where we have taken over from the joint venture partners because of my last couple of conference calls I have also mentioned that because of the failure of some of the JV partners this has to take over the job we have mobilized the resources committed to additional capital and idea is to complete these projects first obviously other projects is going on as per the construction schedule but still there is where we are directly executing there we do not see any other big challenge, but obviously these all projects have to complete. Target will be there to complete by the end of FY2017 but it may take another couple of quarter in FY2018 to get it completed.

Parikshit Kandpal: What kind of EBITDA margins you will be expecting on this order book now because I understand as it gets delayed so the cost escalation will kick in and whether we will be able to basically pass it through the client so what kind of EBITDA margins are we looking on this order book?

Nitin R. Patel: The projects where which we have taken over from the JV partners obviously there is EBITDA actually but where we are executing obviously we will be able to make between say 8% to 10% of the margin depending upon the various projects but on an average it will not got to be basically 5% or 6%.

Parikshit Kandpal: 5% to 6% is what is the average. Lastly, on what is the total equity invested as of now in SIPL?

Varun Mehta: Total equity invested on all the operational project and under construction project comes to around 2100 Crores.

Parikshit Kandpal: What is the pending equity requirement?

Varun Mehta: That is nil.

Parikshit Kandpal: Thank you. All the best. That is all from my side.

Moderator: Thank you. The next question is from the line of Devang Modi from Equirus Securities. Please go ahead.

Devang Modi: Sir, wanted to your plans clearly with regards to the mining side. On this front, firstly how much gross block do we have right now and how much revenue based on the current order book are we targeting in the next year and going ahead how much are we looking to grow this order book too?

Nitin R. Patel: The gross block basically which is obviously the gross block is almost all put together the company as a whole it is around 900 Crores but for the equipment, for mining equipment it should be close to 450 to 470 Crores. So some of the equipments have been taken out during the year also. Every quarter or every six months we are all witnessing that some of the equipments is being older equipment is being sold in the company from the balance sheet. This is one thing. Second thing obviously with the current gross block is able to take whatever requirement at the current level, but largely one-by-one projects will get completed. Basically every quarter we will see the completion some of the projects and when there is idle capacities is there when the new projects will come obviously that will be some of the equipments will be utilized. Additional whatever is required that we need to arrange it, and now going forward just I would like to add here that for this concrete roads what we have taken the job for Eastern Peripheral and Yamunanagar Panchkula we have procured the ready mix plant, concrete plant on a long-term lease basis and obviously the cost is the same as the day. We have negotiated very hard with the leaser and that we have not taken on the balance sheet. So going forward this maybe possible that on mining front also majority of the equipment we may go for the leasing and while putting the new bids also we are working out, calculating the same formula in the same fashion actually. So this is a second part. What was your last question?

Devang Modi: How much revenue are we targeting from current mining orders in FY2017 and how much are we planning to grow the order book to going ahead?

Nitin R. Patel: FY2017 obviously we will target to complete around almost close to 500 to 550 Crores in FY2017 because see all these contracts if we see the Amlohri even the tenure for all these are the five to seven year contracts so this is not that we have to complete that just within a two and a half to three years or just like a road project actually, but on an average it seems that between 500 and 550 Crores will be there in FY2017 and in terms of the growth as I have mentioned that what is the pipeline and which kind of bidding we are basically now looking after obviously the team has been established at Ahmedabad office and also a couple of people new have been basically added here just within the last two months actually to workout all these new opportunities and to have a preparedness for the bidding, so depending upon the new projects coming, the order book will be having the change in the same, but obviously the MDO order is coming it will be a large order.

Devang Modi: Sir, what kind of EBITDA margins can we expect on the mining side?

Nitin R. Patel: See all these MDO it will be having a complete different working. It will be just like a new manufacturing unit or new industry is being worked out. So it is not like that how we are doing a contract mining for the Coal India subsidiaries and everything, completely different kind of structure will come up, obviously as and when the bids will come up, we will come with more and more clarity on how the numbers will play.

Devang Modi: Sir, going ahead while this quarter was impacted by execution of the metro and irrigation projects and all these things, if the percentage of the roads, total of the percentage of execution rises in second half, should we see our margins go to 11% plus?

Nitin R. Patel: Broadly speaking with the current order book we are quite confident that the margins will be maintained at 10.5% levels obviously plus minus 10-basis point, but going forward when the new bids are coming and obviously when the hybrid as well as the focus is there obviously to get the reasonably good margin. We do not want to work basically at a lower margin and it does not make a sense because in the past also we have seen that it is just eroding absolute growth is not coming because of that actually. So we will be very cautious while working out all these parameter for the future bids also.

Devang Modi: Thanks. That is it from my side.

Moderator: Thank you. The next question is from the line of Dewang Patel from IL&FS Investors. Please go ahead.

Dewang Patel: Good evening Nitin Bhai and Varun. Sir on the mining side can you explain why the revenue is down on a YOY basis, you mentioned something about Bharat Coking Coal Project had some problem?

Nitin R. Patel: Dewang Bhai, now let me clarify there was an issue of an service tax actually, so the capex what we had done we were eligible to get the CENVAT credit number one, so what BCCL has done that CENVAT amount they have hold back actually from our invoices. So what we had made it very clear that because as per the law it is completely allowable out of the revenue and all the initial revenue itself we should get it actually, so when we are calculating our cash flow and everything in the mining front, so all this credit is being taken into account and then after that we are working out our margins actually. Some of the money for procuring the equipment we are giving some of the money upfront actually to the lenders also so this is being mitigated out of the credit from the client. So this was the issue. Last quarter we have slowed down the complete BCCL work. So now we have taken a work. So one project we have already started and another project we will obviously start by the end of this month itself. Today, I also had discussion with the management also even the team who is handling the mining projects, so they have also mentioned that this will be ramped up from March itself.

- Dewang Patel:** Sir any rough sense of how much revenue we lost in the quarter because of this?
- Nitin R. Patel:** Obviously to the tune of around 30 Crores odd.
- Dewang Patel:** Sir, I wanted to come back to the guidance on revenue for next year, couple of quarters back you are more upbeat and you are looking at a medium term growth of 15% but now you are looking at 10%, is this because the orders this year has fallen short of your target of 5000 Crores and so in Q4 if all these road orders bids are invited, if you pickup on the orders, will there be an upward revision in your guidance?
- Nitin R. Patel:** Yes. Frankly speaking Q3 obviously there was not much bid. Even anybody of you or basically everybody of you who is tracking the NHAI very closely and if you see how the bids have come up, the number of bids were a little bit less in Q3 and large number of projects particularly in hybrid annuity even in the EPC that was pending because of the BCCL approval and we have seen that during one to one and a half months large number of projects has got approved basically by the cabinet committee so these are all lined up and I think the NHAI has also a very clear view that before the end of this month, they want to basically overshoot their target and they will be there and we have also got that they are not going to change the dates actually for the bidding.
- Dewang Patel:** Sir, this guidance of at the most 10% is based on the current order backlog and if you get more orders there will be?
- Nitin R. Patel:** Obviously it will further add to the numbers.
- Dewang Patel:** When you are saying you are targeting again 5000 Crores of orders this was in roads and irrigation, but this will not include mining where the scale will be higher?
- Nitin R. Patel:** Can you repeat please?
- Dewang Patel:** Sir when you target orders of 5000 Crores this is excluding mining?
- Nitin R. Patel:** That is all are in the road sector alone actually.
- Dewang Patel:** Sir, recently we are seeing more and more tilt towards hybrid annuity there was initially lukewarm response if the scale of proportion of hybrid annuity projects has increased manifold next year how do you see the impact on your or the industry do you think this is doable?
- Nitin R. Patel:** To be very frank according to us the base period for bidding and getting the job is one year from now. Then after obviously we will see a little bit more competition and historically also we have seen and

this is a period where the lenders are not coming forward to fund the projects they are also having a very stringent conditions to take the projects for financial close even for issues of the bank guarantees they are very choosy and basically not issuing the guarantees because various companies are also they have internally taken the decision they will not put the bid under the hybrid annuity or BOT space actually, so obviously this will be the right period according to our view, first one year. Then after obviously some of the new players may come up or some of the older players who will basically clean up their stuff and they may start bidding also.

Dewang Patel: Sir, in some mining projects you have to bid in March itself, are these all on standalone basis till we firm up our long-term plans on a joint venture partner for MDO?

Nitin R. Patel: See as of now there is not immediate plans but obviously strategically if the situation requires then only we can take a call, but when we are getting our own qualification having a large fleet of the equipment, large fleet of the manpower and also basically intention to basically mining projects, so that way current situation the management and the company every body is clear. They will go standalone.

Dewang Patel: Sir, suppose you win an order right now on a standalone basis and the future appetite is reduced and you need to say for these large NTPC tender of 25000 Crores you want to do a JV can you go back and change the RFQ is already submitted. Can you change the participation for joint venture mode?

Nitin R. Patel: To be very frank strategical thing is there then only it matters actually, if some statistical advantage is coming then we can only see and we have to see a lot of diligence because these are all the 20 to 25 years contracts that we will just enter with the JV with any of the players and carry out and I think everybody will take this kind of call because this is not the kind of road or irrigation or kind of two years or three years kind of contracts where basically if anything goes wrong actually that can be sorted out but here there is no looking back, actually once you are going ahead.

Dewang Patel: Sir the bids, which you mentioned in Q2 also has not yet come for bidding when do you expect the bidding to happen on the mining projects?

Nitin R. Patel: Yes. See obviously the government is very keen actually. Frankly speaking KPCL bid government is very keen there is some of the technical issues. Obviously they are trying to sort it out actually. So we are also waiting for the same and once it is sorted out the government will not wait more than 15 to 20 days immediately they will call a bid in a short time notice and complete these because they are in a hurry to complete the award.

Dewang Patel: Finally the three projects that were refinanced what is the new rates, borrowing rates and what is the CD?

Varun Mehta: As of now we have refinanced two projects. One is basically Dhule-Palasner. There our rate of interest has come down to around 9.85%. Earlier it was in FY 2015 it was 11.65%. The other project, which we have refinanced, is Nagpur-Seoni so there basically we had an ECB so there the rate has come down to 8.8% because it is an NHAI annuity project. We have sort of replaced it with AAA bond only, so it is 8.8% basically sticks for the next 11 years, which is the balance concession period, and in case of Dhule-Palasner it is linked to the base rate of the bank.

Dewang Patel: For Nagpur-Seoni we went ahead and the ECB we dictated ahead of time to take advantage of the rate?

Varun Mehta: So obviously the ECB was supposed to be prepaid in June 2018 but obviously because of good interest rate which we got in the way there is volatility in the extended movement, so we are not quite sure how the exchange rate will react over the next two to three years so we just wanted to close the sort of foreign exchange on this part that also.

Dewang Patel: That is all from my side. Thank you so much.

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

Nitin Arora: Sir, can you guide us with the capex assumptions that will be done in FY2017-2018 and what sort of capex we have done till nine months?

Nitin R. Patel: Total 2017 and 2018 largely the thinking is that the company will not go for a large capex on its own balance sheet actually, but obviously in mining the strategy is very clear that we will go for the leasing model and as I have mentioned in roads the concrete batching plants basically recently we have procured 10 concrete batching plants of the larger capacity 200 cubic meter each actually so we have basically procured on a long-term lease basis. So we have not incurred the capex except for the fillers concrete fillers, which is a very specialized items, and we need not have to depend on that that is only we have procured on the balance sheet actually. In the nine months we have obviously had done the capex of around close to 80 Crores but 2016-2017 these ratios will continue to come down.

Nitin Arora: Somewhat about 50 to 60 Crores we can work with that?

Nitin R. Patel: Broadly we can take into the account because obviously the irrigation and road work will continue so some of the equipment may not go for the leasing, some of them we have to buy on our balance sheet.

Nitin Arora: Sir, just one question, a lot of questions being asked about mining. It might be a very basic question. Sir, what attracts you so much towards the MDO business just want a clarity on that and what kind of a return profile do you see in that business because we have been trying to enter into this line quite a lot and we did our homework in terms of doing the other work in the mining part but what really attracts you to this business and what is the strategy here just wanted to understand that.

Nitin R. Patel: Obviously this is a margin levels are something different than what we are carrying now. Second thing obviously this is a consistent business for a longer period and third thing if basically the mine is linked to the procurement of the material is linked to the some of the power project where government or any of the agencies supposed to generate the power and supply so there will not be any kind of say defaults or the stoppages or some kind of closing of the work and largely we are targeting the government contracts as of now in particularly this MDO so this will help to have a clear visibility of the future business of the company.

Nitin Arora: But Sir do not you think it will test your scale in terms of your style on business? My point is that if I am doing about a 25000 Crores project obviously my fund base and non-fund base limit has to go higher a little bit in terms of providing the bank guarantees part, so do not you think it is, the point here is that the scale needs to go higher where I have the visibility from the other segments which is there at least for one year from the Central Government side and if my states starts picking up the orders in the next six to eight months, I have added another visibility for another one and a half years two years point of time, so do you think that in that scenario testing the scale would be the right decision at this point?

Nitin R. Patel: Practically if you see we are seeing and we are calling the MDO say 20000 big ticket orders, but ultimately if you see the yearly execution is say it ranges from 700 to 1000 Crores actually so in anyway we are executing 500 Crores or odd basically as of now, so from 500 to 1000 Crores or say 1200 Crores is not a big problem. Second thing not much working capital requirement, because when we are calculating all the scenario it will not be purely on the balance sheet. It will be some kind of SPV, special purpose vehicle kind of structure where we can basically through the proper debt equity mix and everything we can plan the working in a different way itself. Third thing as I have mentioned, then when we are going and thinking for a leasing model, so there are the various options is available say for initially one year, two year or two and a half years there will not be any basically lease payments then these are long-term contracts are there, these kind of structure will be available so that money whatever we will get from the client that can be utilized for the filling the gap of the working capital. Structuring is possible basically in the whole business process and second thing considering the calls what company has taken, if you see the Sadbhav Engineering in terms of the size, the size could have been the problem then Sadbhav could not have basically created the SIPL itself almost 12000 Crores of the asset business, company has created over the last nine to ten years

successfully implemented the project, focus is very clear and this is a 20 years is already there now second thing this is the other sector where we are working since more than 20 years actually instead of going for the new sector and basically adding another team then whole management has to go in all the details and what we can see that time and everything will be scattered actually. So what we have decided obviously let us focus on the same area where we are having the strength everybody in the organization understand, knows about the challenges of the mining so these can be taken up as and when the situation will come up actually.

Nitin Arora: Thank you very much Sir. It is quite clear. Thank you very much.

Moderator: Thank you. The next question is from the line of Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah: Good evening Sir. Sir, just wanted to clarify one point the 27 Crores that we have given to Bhilwara-Rajsamand and Rohtak-Hissar because of grants drawn down is that included in the 610 Crores outstanding loans from SIPL or 610 Crores is over and above 27 Crores?

Nitin R. Patel: That has been included.

Varun Mehta: That amount is included in the 610 Crores.

Ashish Shah: So that includes 27 Crores?

Varun Mehta: Yes.

Ashish Shah: Sir secondly can you give me the working capital numbers for Sadbhav SEL for December 31 as in inventory, debtors, loans and advances and everything?

Nitin R. Patel: It is not hands off available but in terms of the debtors I can say that it is more or less in the same line what was there in the September quarter, but in terms of the stock and everything it has largely come down. So if you see the current quarter's number as compared to the construction expenses consumption of raw material has increased and that is mainly because the closing stock has come down so that is basically large number of quantity has been utilized and as I have mentioned that the one time procurement because Mysore-Bellary and Rohtak-Hissar we had done on the C form basis just we have paid C form and that is why the other expenditure provisioning has gone up in the quarter. The stock has come down a little bit but debtors is more or less the same.

- Ashish Shah:** Sir you are saying that by and large the working capital position will be similar to what we would have seen in September except for the extra loans that we would have given during the quarter to the SPVs or to SIPL?
- Nitin R. Patel:** Correct, around 74 Crores what we have given actually the 27 Crores for these two projects and 47 Crores of basically for Mysore-Bellary
- Ashish Shah:** Sir, also you said that the days of mining equipment is roughly 450-odd Crores, did I get the number right?
- Nitin R. Patel:** Obviously around 450 to 470 Crores. That is the gross block.
- Ashish Shah:** What is the maximum turnover you can do from this?
- Nitin R. Patel:** Out of that if I see currently what we are doing around obviously as I mentioned for FY2017 is 550 Crores, but maximum we can go up to 700 Crores with this.
- Ashish Shah:** Sir, also on the mobilization advances of 190 Crores, which you said you are yet to receive do you expect that to come by March 31 or will that take longer?
- Nitin R. Patel:** It will come in this quarter itself.
- Ashish Shah:** It will come in March 1?
- Nitin R. Patel:** Yes.
- Ashish Shah:** What is the gross debt and cash position as on December 31?
- Nitin R. Patel:** There are two things, basically considering the money as I mentioned that additionally has been funded by Sadbhav and apart from that the DPTL acquisition has taken place during the quarter under report, the gross debt basically as of December 31 stood at 1200 Crores on a standalone basis at Sadbhav Engineering actually.
- Ashish Shah:** In terms of cash position Sir?
- Nitin R. Patel:** In terms of cash position around 40 to 42 Crores was there actually on cash on hand position as of December 31.
- Ashish Shah:** Thank you so much.

- Moderator:** Thank you. The next question is from the line of Bharanidhar Vijayakumar from Spark Capital. Please go ahead.
- Bharanidhar V:** Good afternoon Sir. Sir what is the portion of the BCCL's order in the current mining order book of about 2061 Crores?
- Nitin R. Patel:** BCCL outstanding order book might be around close to around 490 to 510 Crores actually. Total put together, total three contracts are there actually.
- Bharanidhar V:** This you are telling we will fast track?
- Nitin R. Patel:** This basically currently it will be taken, the total four contracts are there, and the total value is 830 Crores.
- Bharanidhar V:** Similarly what is the portion of the irrigation order book where we are having delays or issues due to JV partners?
- Nitin R. Patel:** Around 530 Crores worth of the contracts mainly in Madhya Pradesh and some of the contracts here in Gujarat for Sardar Sarovar Narmada Nigam and some small, small contracts in Andhra Pradesh that has basically practically it has been closed in current quarter, Q4 actually, five contracts have been closed and we are expecting to close another five basically before March 31.
- Bharanidhar V:** When you mean close, you mean?
- Nitin R. Patel:** Finish up the job. The idea is to we have deployed the large number of resources without going into basically margin and everything let us complete the project and so we can take out basically everything back from that and we can focus basically the rest of the job in FY2017.
- Bharanidhar V:** So the 530 Crores of irrigation order can be expected to be completed first or sooner?
- Nitin R. Patel:** Yes that we are targeting to finish before most probably possible before June actually. Let us see that how it is getting completed.
- Bharanidhar V:** A related question, so I believe one of the JV partner in this project is GKC with whom we are also having a stake for the Mysore-Bellary project where we are again facing issues of equity from them, so is there a deeper problem or how is this going to be resolved with GKC?
- Nitin R. Patel:** We have entered all kind, all the EPC contract with the GKC, everything has been taken over by Sadbhav actually. Frankly speaking we have funded even what I understand that minimum 90 to 100

Crores of the additional working capital actually in these projects of the GKC actually. Basically intention is to complete the project obviously this will come back as soon as the work is reaching nearer to completion and in Mysore-Bellary there is a clear agreement between the Sadbhav and GKC, all the economical and commercial right of his 26% has been already taken over by Sadbhav Engineering itself.

Bharanidhar V: Understood. One question on the MDO so you have mentioned projects in Chattisgarh, Odisha and Gujarat, KPCL, so you are telling KPCL government is keen to push it sooner, but what is the timeline of the other orders, when can we expect the bridge to be opened Sir?

Nitin R. Patel: Before March we are expecting two projects; one is Gujarat Electricity project and the other is NTPC they have asked for the qualification and once it will be through then after bidding will come up actually. So it may go into Q1 of FY2017 rest I think can be completed in March itself. Even this KPCL if the thing is sorted out this will also be completed before March.

Bharanidhar V: So you are telling bids will be opened and we will know the results before March?

Nitin R. Patel: Obviously once it is submitted, first they will open the technical bids actually then after they will open the bid.

Bharanidhar V: Final question on our order book so far we have got to close to about 2600 Crores of orders and all of it is in the road space. Nothing is in irrigation and winding so far?

Nitin R. Patel: Correct, everything is in the roads.

Bharanidhar V: Our earlier guidance for the year was close to 5000 Crores which means we are expecting close to about 2400 Crores in the fourth quarter in the road space?

Nitin R. Patel: That is correct and accordingly we are now preparing ourselves for the bidding also.

Bharanidhar V: So as Mr. Varun Bhai was telling, so there is about 17000 odd Crores in the hybrid mode and about 6400 Crores in the BOT mode where bids will be opened. So any idea if you can give us on which are the projects which is more likely that we can win?

Nitin R. Patel: Basically in case of the BOT toll projects, there are sort of four projects in the state of Rajasthan between Kishangarh to Udaipur Ahmedabad, the KUA project and there are two projects in the state of Maharashtra probably in both this state basically Sadbhav is present so we will definitely try to grab at least one project in case of BOT toll. In case of hybrid annuity already there are certain

projects in the state of Maharashtra. There are certain projects in UP also plus there are certain projects in Jharkhand, being hybrid annuity model where there is no traffic risk probably we will look at the execution front where the execution is not so much difficult and where probably we also have past experience in the particular state, particularly we will bid for those states.

Bharanidhar V: So we are expecting to win one at least in this year for hybrid?

Nitin R. Patel: Yes.

Bharanidhar V: Does the package II of the Eastern Peripheral Expressway is included in this?

Nitin R. Patel: We are not keen on package II and anyways the bidding of the package II has been deferred but at Sadbhav level we are not so much keen to bid for the package II.

Bharanidhar V: So what you are saying is at least two projects in BOT and hybrid in the next one quarter?

Nitin R. Patel: Yes.

Bharanidhar V: Totaling to 2400 Crores.

Nitin R. Patel: Yes. Broadly around 1500 to 2000 Crores from hybrid and toll and the rest will come from the road EPC.

Bharanidhar V: Understood Sir. Thank you so much and all the best.

Moderator: Thank you. Our next question is from the line of Parvez Akhtar from Edelweiss Capital. Please go ahead.

Parvez Akhtar: Good afternoon Sir. Just one question what was the loan outstanding at SIPL standalone and SIPL consolidated level as of December end?

Varun Mehta: The loan outstanding at the SIPL level standalone for the external debt which is there it is around 500 Crores plus loan given by SEL to SIPL is around 610 Crores and the overall consolidate debt at the SIPL level is around 8000 Crores so out of this 2000 Crores is in relation to the under construction project and the rest is in relation to the operational project.

Parvez Akhtar: Thanks. That is it from my side.

Moderator: Thanks. The next question is from the line of Pratik Poddar from ICICI Pru AMC. Please go ahead.

- Pratik Poddar:** Good evening Sir. Sir, just one question, I joined in a bit late, next year for the modeling purposes should we assume margin expansion?
- Nitin R. Patel:** Can you repeat the question?
- Pratik Poddar:** What I am asking you for the next year FY2017 for modeling purposes should I assume EBITDA margin expansion?
- Nitin R. Patel:** Two things basically. On the current order book we are seeing the same around 10.5% level actually and obviously when the new bids are coming when it is coming depending upon the hybrid or basically EPC obviously there will be a little bit of competition will be there and we will have to meet the competition level but hybrid annuity any one in this BOT toll we do not want to basically compromise in terms of the margins, so obviously it will be a little bit higher but mining obviously if it is coming then it will be completely taken, but at these juncture we have to just see that which project is coming actually in mining front and accordingly we will be able to decide that.
- Pratik Poddar:** Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Rohit Gupta from ICICI Securities. Please go ahead.
- Rohit Gupta:** Sir, just one question, what kind of tax rate that we can assume for FY 2017-2018?
- Nitin R. Patel:** Tax rate on an average we can consider around say between 20% and 24%.
- Rohit Gupta:** Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for their closing comments. Thank you and over to you Sir!
- Nitin R. Patel:** Thank you very much to all the participants and all the valued investors of the company, and learned analyst and now basically there are a lot of idea and understanding about this infra business and everything, but at company level, also the company has reached midway of the various growth path in the country, but going forward as we have mentioned that the focus is there from the company's side on its own core area actually and there if you are getting the larger opportunity the company will continue to explore these opportunities and as we have mentioned because these three areas, roads, irrigation and mining and obviously the focus will be there to streamline and also to further strengthen our BOT roads assets by way of completing these refinancing and everything, but here we would like

to give a complete clarity that the management's view is towards maintaining the cashed resources in the hands actually as of now and that is the reason that we will continue to explore. We want to see how the bidding is happening and we will go for only those opportunities where we will be able to have a complete management of the cash stuff without any trace on any angle actually and that will be prime focus on the coming period of time and that is broadly from my side. Thank you very much to all for taking their time.

Moderator:

Thank you very much. Ladies and gentlemen on behalf of Inga Capital, that concludes this conference call, thank you for joining us. You may now disconnect your lines.