

Q3 2011 Earnings Call - Sadbhav Engineering

Dt- 3 Feb'11

Operator

Ladies and gentlemen, good day and welcome to the Sadbhav Engineering Limited Q3 FY11 Earnings Conference Call, hosted by Collins Stewart Inga Private Limited. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Nitin Patel, Whole Time Director at Sadbhav Engineering Limited. Thank you. And over to you, sir.

Nitin R Patel, Whole Time Director

Good evening, everybody. On behalf of Sadbhav Engineering, I welcome all for this Q3 result analysis.

Just to start with, I would like to mention here that as during the last two conference calls and also as well as our various meetings with the various value investors and analysts, we have mentioned that the execution of the various projects has been going on, on a war footing basis. And post financial closure of all the projects, it has been lined up that each and every project and each and every activities has been taken up in a full fledged manner. And this has started showing the result in fact from the first quarter itself, but it has again boosted the Q3.

Now, I would like to just give a brief about the numbers basically and also to give some more numbers basically that we have not yet covered actually even during the previous, these conferences. To start with the quarterly results for this three month, Q3 and also the comparative of the nine months. The sales -- the income from operations stood at 476.22 crores, again 315 crores of the previous quarter of the -- the same quarter of the previous year.

Also in terms of the total expenditure stood at 430 crores, against 290.59 crores. And the profit before operation, the profit from operations there before other income and interest and exceptional items stood at 46.03 crores versus 24.40 crores. Other income stood at 1.40 crores against 2.72 crores of the previous year same quarter actually.

And also the net profit stood at 26.38 crores against 14.11 crores of the same quarter of the previous year. Now in terms of the percentage I would like to tell that the earning before interest, depreciation and tax for the Q3 remained at 56.08 crores against 33.58 crores which is 11.67% of the total income for the quarter and also in terms of the nine months we see that the nine months total income stood at 1,177.51 crores against 809.38 crores. And also the EBITDA; earning before interest, depreciation and tax stood at 148.94 crore against 92.96 crores. And also after providing the interest and depreciation for the quarter, interest for the quarter remained at -- net interest remained at 6.82 crores, against 4.99 and also the depreciation remained at 6.84 crores, against 4.37 crores.

So the profit before tax for the quarter remains at 39.54 crore, against 22.13 crores and after providing the full income tax, the net profit stood at 25.67 crores, against 14.11 crore of the previous quarter of the -- same quarter of the previous year. And the net profit margin remained at 5.34% against 4.41% of the same quarter of the previous year. And in terms of the nine months, the PBT remains at 98.69 crores against 59.30 crores. And the net profit stood at 64.93 crores against 39.86 crores. So net profit percentage remain at 5.51% against 4.92% in the same quarter of the previous year.

Now, to go to the break up for the quarter actually, break up remains like this; 393.67 crores came from road sector, construction of roads, 24.57 crores came from the irrigation sector which is 5.16%. Road has contributed 82.69% and 57.83 crores came from mining, which is 12.15%. Also in terms of the nine months total of against their 1,162 crores, the 892.37 crores came from the road sector which is 76.45%. Irrigation was 82.15, which is 7.04, and mining is 192.70, which is 16.51%. So this is in terms of the segmental number for the quarter and nine months actually.

And also I would like to give after the end of the quarter, the outstanding business to be executed out of the total orders on the hand. It remains like this actually in road sector remains 5,749 crores, means 5,750 crores from roads, 590 crores from irrigation and mining sector is 945 crores. So total is altogether 7,280 crores is -- remains outstanding after the end of the December quarter. So this a business to be executed in Sadbhav Engineering on standalone basis.

Also I would like to just give some brief numbers of the tolling of the operational roads basically which is in our control. The Ahmedabad Ring Road, I would like to just give a summary from the quarter one of the current year. So Q1 April to June 2010 Ahmedabad Ring Road toll revenue remained at 14.71 crores, July to September quarter, toll revenue remained at 13.68 crores and October to December quarter, this is Q3, the toll revenue of Ahmedabad Ring Road remained at 17.01 crores. So, total is 45.40 crores, is the total revenue for the Ahmedabad Ring Road.

And also the Aurangabad-Jalna, the April to June, the first quarter remained at 5.78 crores, second quarter that July to September remained at 5.30 crores and the third quarter, October to December remained at 6.32 crores, total is 17.39 crores. This is a toll revenue in terms of both the projects.

So these are the broad numbers in terms of the total results for their quarter, nine months and also the outstanding position of these order. And I would like to just give a brief about the key BOT project, which is under operational.

The first is almost the Dhule project, Dhule Palasner, which we are constructing and developing the consortium with Hindustan Construction And John Laing. The total EPC, against the 1,221 crores, the 402 crores of the work has already been completed by the end of December. So this is in terms of the execution of the EPC.

Also against this Bijapur-Hungund, total against 1,025 crore of the EPC, we have already completed to the tune of 270 crores in Bijapur-Hungund.

And in Hyderabad-Yadgiri, out of 399 crores of the EPC, we have already completed the construction work of 102 crores. This is Hyderabad-Yadgiri, just to give a reminder -- just to let me give the appointed date, the appointed date for Dhule is 21st of December, 2009, construction period is 30 months.

For Bijapur-Hungund, the appointed date is 5th of September 2010, and the construction period is 30 months. Hyderabad-Yadgiri, the appointed date is 12th August 2010, and the construction period is 21 months.

Now coming to the Border Check Post, the total EPC value of the civil work which is in the name of Sadbhav Engineering against 834 crores, already we have completed, we have got the possession at 11 locations out of 22 and still all the 11 locations put together till December we have completed the construction work of 121 crores as of now. So this is in the Border Check Post and actually this project is having the appointed date, actually it is linked to the actual possession given. So we are considering that this as and when the possession has been given, we have to complete that Check Post within the period of 18 months, so this is the construction time for the Check Post.

And for Rohtak-Panipat, appointed date has not yet happened and we are expecting the appointed date will be given within the -- by the 20th of the February, this month, we are expecting the appointed date will be given because 100% of the land possession is getting cleared by NHAI for 100% of the project length. And in terms of the actual execution, we have completed that work to the tune of 95 crores in Rohtak-Panipat as of now, because we have not waited for the appointed date given by NHAI, execution we've already started once the mobilization is completed as at the site level.

So this is the broad details about the business and the execution of these projects. So now I would like to open the floor and request all the participants to have their views and questions and the clarifications regarding the business. Thank you very much.

Questions And Answers

Operator

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. [Operator Instructions]. We have the first question from the line of Kenin Jain from Voyager Investment Advisors. Please go ahead.

Kenin Jain

Sir, I have just one question.

Nitin R Patel, Whole Time Director

Please.

Kenin Jain

Out of the nine existing projects in SIPL, what is the equity requirement for all nine and how much is committed by SIPL and how

much is yet to be committed in those nine projects and how the yet to be committed part would be funded? First question is that.

Nitin R Patel, Whole Time Director

Okay. Now let me give the clarification. The total equity requirement for the nine projects stands at 805 crores. And out of these 805 crores, actually the equity requirement of Border Check Post actually it depends upon the actual possession given because as and when the possession will be given, then after we will start the actual construction and we will start putting the money for the development of the particular check post. So, total is 805 crores. Out of 805 earlier already 260 crores has already been infused by Sadbhav Engineering as a part of the total equity of SIPL, which is a 100% ownership before we have concluded the private equity deal in September this year actually.

Kenin Jain

Exactly, okay.

Nitin R Patel, Whole Time Director

So, if we take out that 260 crore, so balance remains 545 crores needs to be additionally funded. Out of this 545 crores, now let me give the total availability of the funds in SIPL, which has been lined up. As per the -- this private equity transaction, we have already raised 400 crores, then the money is already in place. So this is 400 crores has already come. Apart from that, we -- there is a internal approval has been presumed for the 24 months from the September 2010 onwards. So, we see that the financial year '10-'11, '11-'12 and part of the '12-'13. So, these 24 months we have assumed the internal approval other than that the toll revenue is approximately 140 crores in SIPL level actually. So this 140 crores is coming from the operation of the 299 crore contract given by Maharashtra Border Check Post to SIPL. So there is -- some margin is there already number one.

Number two, the interest income of the funds already available with SIPL, so we expect around 40 to 45 crore will be the interest in SIPL, out of the total funds available number two.

And the number three, the revenue we see that the financial growth, because earlier we have, we used to give the financial growth mandate to various lenders actually. Now, we have started that activity in-house in at SIPL level, because of the experience what we have gained and we have built up the team at SIPL level. And that of the -- that revenue is coming, because instead of giving to the others, we are preparing all the -- carrying out all the activities and the revenue is being taken by SIPL, so altogether is 140 crore.

So 400 plus 140 is 540 crore this is one part. Second, 200 crore there is a option available with Sadbhav Engineering level to invest 200 crore at the same entry valuation, so within a period of 18 months from the September 2010 onwards at least.

So before March 2012, that option is available. If Sadbhav exercise that option that 200 crore is again available, so by adding that almost around 740 crore will be the total cash available in SIPL and also 180 crore has already being lined up from the -- as a term loan it is a seven year term loan available with SIPL from one of this banking institution.

And that 180 crore if we add together, so altogether some 920 crore has already been lined up at SIPL level against the requirement of 545 crores. So this is the status and now out of the total 805, that 260 plus additional 282 has already been invested now.

Kenin Jain

Okay, okay.

Nitin R Patel, Whole Time Director

The total 542 crore of the equity has already been infused because Bijapur-Hungund we have already infused the 100% of the equity and from January, this month onwards, we are going to get those grants from NHA, because the project has already progressed in that the substantial manner actually. So this is the case of the equity.

Kenin Jain

So, if I just come up rightly, what you are saying out of the 800 crore, 260 is invested, and balance 400 crore has come from private

equity and the 140 crore which you explained would be generated internally excluding the toll income from the road. So this 140 crore do not include the toll income of Ahmedabad Ring Road or something like--?

Nitin R Patel, Whole Time Director

Ahmedabad or whatever project exactly, toll and even O&M, margin also we are not considering that.

Kenin Jain

So, my next question is let's say apart from these nine roads, if tomorrow you win additional 1,000 crore or 2,000 crore road. So how you will fund the equity for those roads? So in short I am trying to understand that after these nine roads on the balance sheet strength of SIPL, which have a net worth of 660 crore. What are the future wins can you accommodate in SIPL for the foreseeable future?

Nitin R Patel, Whole Time Director

See, Keninbhai, actually as I have explained that out of this 920 crore which is available. So if we take out that 545 crore balance.

Kenin Jain

Okay.

Nitin R Patel, Whole Time Director

Okay. So already I think, so the available is around 375 crore is already available with SIPL.

Kenin Jain

Okay.

Nitin R Patel, Whole Time Director

Number one. Number two, also there is a various option is available with SIPL, either to churning off of the asset also, even the securitization of the any of the asset because instead of taking any other further liability or the further dilution basically. So this the case what we have considered in our mind actually.

So, that option is already available within the assets and we think that by the time this -- all the projects will be operational. And that whatever new equity will be required, that will be required over a period of time actually. So we don't see any other challenge basically for arranging the equity for the -- any new projects to the tune of at least 3 to 4,000 crore if whatever new project we win, we will be able to manage the equity requirement within the SIPL itself actually.

Kenin Jain

Fine, sir. Sir, one last thing is that just a four weeks before, we met NHAI and NHAI was very confident of awarding 4,000 kilometer in next three months. And after two weeks, there was a development of a change in the Ministry. So what is the ground level situation as of date like, is the things are ramping up or is it on still hold only more basically? Still hold only more basically.

Nitin R Patel, Whole Time Director

No, no, no it has already been ramped actually even I can tell during the last week itself NHAI has opened this -- taken the bills of four projects and all the four has been opened actually.

And we see that the new RSPs what they have started issuing actually so that has been picked up and the -- even the larger size projects they have started issuing the RSP in a regular manner and rather than what we are of the opinion we have been given the

indication prop, NHAI even they have got the clarification from the ministry, new ministry itself actually that they should go ahead without waiting either to take the project on the toll or annuity if the NHAI finds that the project is little bit not viable in tolling actually.

So they have been instructed that instead of waiting and calling the tender on toll basis and after understanding that nobody is coming to participate in toll and then after to take it to the annuity better to straight way go for the annuity so that message has already been clearly given by the Ministry to them, that is the news what we are receiving from NHAI front. So we see that there will be these huge gears that will go on now henceforth actually.

Kenin Jain

And you foresee this change in the Ministry and all this thing can really take off the project or it will take more time before we see activity?

Nitin R Patel, Whole Time Director

No, no, no, it will not make any problem basically. On the contrary, already the process has been started and we are very much cordial, we have also been given the confidence by NHAI. They are going to float the tender in a very aggressive manner actually now.

Kenin Jain

Right, business action on the mining side, sir if you can spend some time there?

Nitin R Patel, Whole Time Director

See, mining actually as of now, we are also waiting for these some good bids to come actually, naturally because recently now government has started considering the one-by-one projects and from no go to go areas and the recent development is the POSCO actually because there conditional approval has been given to them and so this is what we can understand.

And also we are in the constant touch with the GMTC and even Coal India, other subsidiaries Mahanadi Coalfields and everybody. So they are also very confident that within the short three to six months time, they have been given the indication that a lot of areas will come under the go area actually. And we see that the good number of bidding will start actually.

Kenin Jain

Thanks, sir. Thanks a lot sir.

Nitin R Patel, Whole Time Director

Thank you, sir.

Operator

Thank you. The next question is from the line of Shamik Chatterjee from Alchemy Shares. Please go ahead.

Analyst

Yeah. Nitin, hi, I just had a question on the mining orders which could accrue, just a follow-up question on the previous caller. Do you expect anything this quarter on the mining side?

Nitin R Patel, Whole Time Director

This quarter no yet, actually I think no other except one for iron ore mining of actually this Orissa Mining Corporation that 15 year

contract, they have called for a bid actually. So we may submit the bid for the same. But other bidding we see that this will start coming from the Q1 of the next year actually.

Analyst

Okay. And could you tell me what is the PAT loss in MNEL your Mumbai-Nashik Expressway project year-to-date?

Nitin R Patel, Whole Time Director

See, we cannot, ultimately see in other way I can tell you that because of the escalated cost and material prices movement during the period of construction actually and unforeseen movement actually because the crude price in between when it went up to \$140 level actually. So because of the -- that the total impact has already been affected in the -- with accounts of earlier years basically and that is to the tune of almost around 58 to 60 crores actually.

That way we've already got the effect of the -- that is not the actually loss, but it is a reduction in the margins what we have envisaged actually. And there, because after covering the escalation factor, is what we have loaded actually, but the additional escalation has come in the place actually.

Analyst

Okay. So there is a PAT loss this year or--?

Nitin R Patel, Whole Time Director

No, no this year nothing is there everything has completed during the past year.

Analyst

Okay. And could you give a break-up, breakdown between your construction and material expenses?

Nitin R Patel, Whole Time Director

See, ultimately as of now we have not worked out actually. It's -- frankly speaking what is happening actually in terms of, in our road sector particular when the business of road sector is very high. How it is happening?

When if we are starting the project initially when the we are doing the earthwork job, so at that time the material component is very less compared to the other raw material -- work basically. Material expense shoot up when the, bitumen and the steel and cement component increases and going on in a big way actually.

So likewise if you see the quarter-to-quarter the comparison is very much difficult to have and the analysis also it is very much difficult, because one project which project will take up the earthwork job in which quarter and also the other bitumen work and steel work in which quarter that is also it is a very I mean complex working and understanding actually. So that is the reason basically the comparison is not we are making and we are not even submitting also to the -- I think there is a part of those reasons actually.

Analyst

Okay. Okay, thanks.

Operator

Thank you. The next question is from the line of Shailesh Kanani from Angel Broking. Please go ahead. Sir, that participant has taken his questions now. The next question is from the line of Ashish Kumar from Marwadi Shares & Finance. Please go ahead.

Ashish Kumar

Hello?

Nitin R Patel, Whole Time Director

Yes, please tell me Ashish.

Ashish Kumar

Yeah. Sir, I just wanted to know the inflow YTD inflow in the various segments, the order book?

Nitin R Patel, Whole Time Director

Inflow in this actually last quarter only we are L1 in one project, actually we are awaiting the order from the client, okay? So, there is no actually additional inflow but also we have submitted the four bids of the irrigation, one for the Gujarat, the Sardar Sarovar Narmada Nigam and three for the Madhya Pradesh irrigation.

Altogether, the total bid value is nearby around 2,700 to 2,800 crores. So, we expect that the opening of this irrigation bid within a short span of time actually. So, this is the -- in the last quarter actually position.

Ashish Kumar

Okay. Sir, apart from that I just wanted an update on the project. So, can you just share with us the total amount spent on each of the projects and their bifurcation into debt drawn and the equity amount spent?

Nitin R Patel, Whole Time Director

See you can get just take down, now I would like to mention here you to take the Dhule.

Ashish Kumar

Right sir.

Nitin R Patel, Whole Time Director

Dhule project, we have already spent around 429 cores in the project against 1,420 crores of the total project cost.

Ashish Kumar

Okay.

Nitin R Patel, Whole Time Director

Okay. So, this is for the Dhule and for...

Ashish Kumar

What would be equity and how much would be debt drawn?

Nitin R Patel, Whole Time Director

Equity, actually if you see that the equity we have not calculated separately, but the ratio I can tell because ultimately, initially we

have funded the upfront equity in the project, but that exact verification is not available with me now, but I can send it across physically.

Ashish Kumar

Okay sir.

Nitin R Patel, Whole Time Director

Issue, but that break up is there even in against this Bijapur-Hungund against 1,257 crore of the total project cost. 282 crore has already been spend in the projects and this again in Hyderabad-Yadagiri 480 crore we have already spend 122 crores.

Also in this Rohtak-Panipat 1,213 crores, actual spending is zero because we have not yet taken the appointed date, so, unless and until the appointed date is not there, SPV cannot release the payment to EPC contractor actually, so this way no spending is there. In fact, the work has already been executed to the tune of around 90 crores actually in the project.

Ashish Kumar

Okay.

Nitin R Patel, Whole Time Director

So in Maharashtra Border Check Post, again 1,426 crores. We have already spent around 310 crores in the project actually, so this is the project cost versus the spending in the project. Equity we will share separately across actually.

Ashish Kumar

Okay. Sir, for the Hyderabad-Yadagiri project, have you acquired the complete land or have you got the land?

Nitin R Patel, Whole Time Director

Only 4 kilometer is pending. So we have no other issue in the Hyderabad-Yadagiri, we expect that, that will be completed. In fact, Bijapur-Hungund, 100% of the project land is acquired.

Ashish Kumar

Okay.

Nitin R Patel, Whole Time Director

Rohtak-Panipat 100% project land is acquired, and Dhule also 100% is acquired now, which has to be completed and only the pending is this Maharashtra Border Check Post. The possession of 11 location is yet to take from the government, actually.

Ashish Kumar

Okay. So Hyderabad-Yadagiri, how much has been already acquired sir, how much percentage?

Nitin R Patel, Whole Time Director

Out of 37 kilometer, 33 kilometer has already been acquired.

Ashish Kumar

Okay, okay. And sir what is the update on Nagpur-Seoni project?

Nitin R Patel, Whole Time Director

Nagpur-Seoni actually NHAI has already recommended for the completion of our COD.

Ashish Kumar

Okay.

Corporate Participant

So, their annuity will start flowing. They are just finalizing the amount of the annuity. So, we see that this quarter itself we receive the first annuity from the NHAI.

Ashish Kumar

You will be receiving Q4 of FY11?

Corporate Participant

Yes, exactly.

Ashish Kumar

So that would be half the total amount?

Corporate Participant

See, actually the proposal is that it is based on actual amount spend on the project. But NHAI has given one more option to us. We've made the 100% of the annuity payment provided, we should give the guarantee to them that if they hand over the balance land within the period of 24 months, we have to complete the balance project on the additional required time actually. So that is...NHAI is --. So we have given the option...both the options we have agreed with NHAI. So, now we are working finally and they have to communicate to us.

Ashish Kumar

So, you will be basically giving them financial guarantee?

Corporate Participant

It is not that, we have already given the performers guarantee. They may just ask for the additional performers guarantee for the same.

Ashish Kumar

Okay. So, what you mean to say is from Q4, we will start getting the full amount annuity?

Corporate Participant

Annuity. So that is the option NHAI has thrown upon us. So, we are agreed for the same.

Ashish Kumar

Okay.

Corporate Participant

So, now they will work out that what their internal call and accordingly they will convey to us.

Ashish Kumar

Okay. And sir, for the Dhule Palesner, you had some 100 crores receivable from SEC last quarter, what is the progress on that? Have you received any amount from SEC?

Corporate Participant

Yeah. It is coming actually...see as per the...it is not that the SEC is not able to make SPV is making the payment fully as per the agreement terms and conditions. Actually agreement, it is like just because the amount is spread over the period of 30 months because every month, we have given the budget that this will be the amount. We will be spending and we will be executing the jobs all the projects.

Ashish Kumar

Okay.

Corporate Participant

But actually and based on that the IDC has been calculated. Okay, so now the SPV has taken the stand, because since the project is going on ahead of schedule, almost five to six month ahead of schedule. So, this initially, the DPTL has considered that we'll make a payment as of now, then we have to agree to reduce the construction period. So that we are not agreeing with the DPTL, because we intend to take the bonus in the same.

And considering the present scenario, we are very sure and confident because already HCC and the Dhule Palesner, SPV has already started giving the order for the tolling system. And the 75% of the toll revenue for their project will start from June 2011 onwards. That is the status of the project as of now.

Ashish Kumar

Okay. So, what would be the receivable from this SPV then as on date?

Corporate Participant

As on date is 140 crores.

Ashish Kumar

140 crores. Okay, sir. And sir, with regards to the Maharashtra Border Check Post and when you were explaining about the equity funding part, you mentioned that 140 crores SIPL would be generating from this contract of Maharashtra Border Check Post. Sir, out of this...

Corporate Participant

140 crore alone actually.

Ashish Kumar

Yeah.

Corporate Participant

That is I think around 85 to 90 crore will be generated from the contract, remaining is the interest income in SIPL. And also the...some syndication fees is doing the re-financial growth fees for this BOT projects actually. These all put together 140 crores.

Ashish Kumar

Okay. Sir, this 85 crores, what exactly, what service would SIPL be providing to Maharashtra Border Check Post?

Corporate Participant

See that is, actually there are two-three aspects. SIPL will be actually implementor as well as the...what we can tell the O&M of this entire SPV will be conducted by SIPL later on.

Ashish Kumar

Okay.

Corporate Participant

So as a part of the same, initially we have entered an agreement with HCL Technologies for IT part means entire IT part, IT solution and networking will be done by HCL Technologies. We already finalized the contract with them.

Ashish Kumar

Okay.

Corporate Participant

And we will be keeping some of the key person on the Board actually. So that the entire functioning will be conducted, the implementation as well as the operation in a smooth and required manner. Because we have to operate the projects for the 24 years and six months.

Ashish Kumar

Okay.

Corporate Participant

So this is part and also the second one is the electrical stuff, so that we have already contract, we have entered with Wipro for all the electrical items. So this is the development. And whatever margins is been generated by giving the conquer that will be written by SIPL. Other then this, there is the other items like a canopies and the road synergies and everything that because it is a common procurement item.

So that we have given the contract to SIPL, because SIPL has to manage and operate all the stuff basically, rather than Sadbhav Engineering because it is not a civil work actually. So that's why it has been bifurcated in two parts.

Ashish Kumar

Okay. So sir, how much would be civil and how much would be attributed to SIPL total...?

Corporate Participant

Total 299 crore is the SIPL contract and 834 crore is the civil contract.

Ashish Kumar

Okay. 614 crores?

Corporate Participant

834 crores.

Ashish Kumar

834 crores.

Corporate Participant

The total 1,133 crore is the total cost of implementation for SPV.

Ashish Kumar

Okay. And sir, what would be the margin of SIPL on this 299 crores?

Corporate Participant

As I already mentioned, the 85 to 90 crores actually.

Ashish Kumar

Okay, sir. Sir, how much CapEx has been done for the nine months?

Corporate Participant

CapEx actually we have already incurred CapEx to the tune of around 70 crores.

Ashish Kumar

70 crores. Okay. And sir, one question, last question. Sir, is there any consolidation of promoter holding happening currently? Recently, there were some deals done by Mr. Vishnubhai Patel and Sadbhav Finstock?

Corporate Participant

See, actually see Finstock is a fully wholly owned by Vishnubhai Patel.

Ashish Kumar

Okay.

Corporate Participant

So, it is just a matter of internal understanding, that is consolidating all this holding as I...Sadbhav Finstock actually.

Ashish Kumar

Okay.

Corporate Participant

Which is it's own company actually.

Ashish Kumar

Sir, then why not off-market transactions and why market transactions?

Corporate Participant

Because this...everything at whole transaction is to be done, it is normally, we don't know this is to be done but ultimately the part of the normal transaction which has been done actually. There is nothing...any special actually. And also it is a tax efficient, because if we do through the market, it will be...there will not be any taxes and impact on the same actually, transactions.

Ashish Kumar

Okay. Sir, how much of your total gross block would be mining and...

Corporate Participant

Out of the total, almost around 30...40% is from the mining front actually.

Ashish Kumar

Okay, okay. Thanks a lot, sir. Thanks for answering all my queries. Thank you.

Corporate Participant

Thank you very much.

Operator

Thank you. The next question is from the line of Shailesh Kanani from Angel Broking. Please go ahead.

Shailesh Kanani

I would like to get balance sheet details. What is the debt levels currently as on 3Q? And loans and advances to subsidiaries and cash balance?

Corporate Participant

See, as of now the net outstanding debt balance is 390 crores.

Shailesh Kanani

390 crores, that is net-off cash.

Corporate Participant

Net-off cash.

Shailesh Kanani

So what is the gross?

Corporate Participant

Gross is around, we have to add another 30 crore. So, almost around, it is 422 crores.

Shailesh Kanani

So, it's roughly the same as compared to the last quarter, second quarter.

Corporate Participant

There is a little bit difference. If you see that the current year, because the main receivable from Dhule Palasner, hello?

Shailesh Kanani

Yeah, yeah. Go ahead.

Corporate Participant

Receivable from Dhule Palasner to the tune of 140 crores, which was not in the last year actually.

Shailesh Kanani

Okay.

Corporate Participant

So this has the has the -- subtract there basically, because that receivable will come on each month, suppose for what will happen if for contributed for four months, we will not do any of the work on Dhule Palasner front.

Shailesh Kanani

Okay.

Corporate Participant

But their money will come through the monthly budgeted amount basically because it is a SPV's payment. So SPV need to make the payment as per exactly the same as stated earlier at the time of financial close.

Shailesh Kanani

Okay.

Corporate Participant

So, there if we reduce that, so actual the cash position has improved.

Shailesh Kanani

Okay. Sir, one more thing what about loans and advances? What is the figure of that?

Corporate Participant

Loans and advances is, as of now, it is around 630 crores.

Shailesh Kanani

630 crores. Sir, if I remember last time in the second quarter, you had mentioned that that would probably go down.

Corporate Participant

Correct.

Shailesh Kanani

Yeah, it would have gone down by around say 200 crores.

Corporate Participant

Correct.

Shailesh Kanani

Has then gone up again?

Corporate Participant

No, actually it is not the same because there are the new advances that's been given by us to the various EPC corporate particularly in Q3, we have given the net -- advance of 82 crores to the one of the subcontractor for this Bijapur-Hungund and also around a 45 crore to the contractor of this Hyderabad-Yadagiri.

Shailesh Kanani

Okay.

Corporate Participant

So, that is the main reason for the same actually.

Shailesh Kanani

And out of this 630 crores, what are the loans and advances subsidiaries ?

Corporate Participant

Loans and advances to subsidiary is outstanding is around 39 crores as of now.

Shailesh Kanani

39 crores you said, out of 630 crores?

Corporate Participant

Exactly.

Shailesh Kanani

Okay. Sir, what is net working capital, net currents assets?

Corporate Participant

Net current assets is around 560 crores.

Shailesh Kanani

560 crores. So, there is a jump in that as compared to first half I believe.

Corporate Participant

Correct.

Shailesh Kanani

Sir, follow up questions on the BOT side. Sir, what is the status of Hyderabad-Yadagiri on land acquisition? What is quantum you required?

Corporate Participant

Now only the four kilometers of the land is balanced.

Shailesh Kanani

Four kilometers. Out of?

Nitin R Patel, Whole Time Director

37 kilometer in Hyderabad-Yadgiri.

Shailesh Kanani

Sir, what is out of -- how many kilometers are you supposed to acquire?

Nitin R Patel, Whole Time Director

The total can be 37 kilometer.

Shailesh Kanani

37, okay. So only four kilometers marginally...

Nitin R Patel, Whole Time Director

Is balanced.

Shailesh Kanani

And sir, Gonde work is over, is completely done?

Nitin R Patel, Whole Time Director

Construction of our part is over, only ROB it's laying is going on. We have already notified to NHAI for issuance of the COD. Now they are conducting the final tests. So upon the same they we will start allowing us collecting the toll on the 100% project land actually.

Shailesh Kanani

So, basically the construction but ROB part which was pending last quarter is completed in this quarter, right?

Nitin R Patel, Whole Time Director

That is going on it will go for the even this quarter and even April will also go in the same.

Shailesh Kanani

It will go through April because last time I remember your deadline was around Jan 15th I believe?

Nitin R Patel, Whole Time Director

See that has been completed. So, the construction work of the road part that we already completed by 15th of January.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

Before that actually.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

And we have notified them that our part we have completed, is railway authorities has not given their clearance for laying the girders.

Shailesh Kanani

Right, right.

Nitin R Patel, Whole Time Director

Some of the parts so that is the reason basically. So we also notified to NHAI and also independent consult of NHAI had given a recommendation that the completion should be allowed to connect the toll bearing the ROB part. As and when they will be completing. Thereafter they will be able to -- 100% on the project land actually.

Shailesh Kanani

Sir, I believe this status was there a couple of months back as well I think the same spending right, still for last couple of months?

Nitin R Patel, Whole Time Director

See, only on the -- see girder part will take at least four months to complete, girders.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

Because we have to lay each and every girder, then have to cast the slab and slab is to be remained for 28 days. So it is having it's own period actually.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

Road -- that which was the situation which was pending that we have already been completed, the road part is completed fully.

Shailesh Kanani

Okay, sir. Just the last question from my end. The total equity requirement you said is 805 crores, right?

Nitin R Patel, Whole Time Director

Correct.

Shailesh Kanani

Sir, is there any reduction in that because I recollect last time I had a word with you it was 840 crores around. So has it gone down?

Nitin R Patel, Whole Time Director

No, no actually the net is now final, because originally, earlier the total project was for Rohtak-Panipat was higher than the actual what we have mentioned.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

There is a reduction in the EPC.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

Further the change in the design.

Shailesh Kanani

Okay.

Nitin R Patel, Whole Time Director

So the EPC cost have come down almost 150 crores. So because of that the proportionate equity has also come down actually.

Shailesh Kanani

So what is the EPC now for Rohtak-Panipat?

Nitin R Patel, Whole Time Director

Rohtak-Panipat, total project cost is now finally, it is 1,213 crores.

Shailesh Kanani

And the EPC out of it is?

Nitin R Patel, Whole Time Director

950 crores.

Shailesh Kanani

That's all from my end. Thanks a lot, sir.

Nitin R Patel, Whole Time Director

Thank you very much.

Operator

Thank you. The next question is from the line of Devang Patel from Avendus Capital. Please go ahead.

Devang Patel

Good evening and congratulations on very good set of numbers, sir.

Nitin R Patel, Whole Time Director

Thank you, Devangbhai.

Devang Patel

Sir, first question is on the margins. We had last concall were saying that margins have sustained at about 12%. And we've seen some softening this quarter is it because of the mix of work or are you seeing some raw material cost pressures?

Nitin R Patel, Whole Time Director

No, actually it is a -- if we see that actually it has not come down but rather it has gone up actually compared to the same period of the previous.

Analyst

Year-on-year it is higher, yes.

Nitin R Patel, Whole Time Director

But compared to Q2, Q2 it has little bit come down actually compared to Q2 as early. But it is not because of the -- any pressure only because of the some of the mix of the items what we're executing in the site. Suppose some of the items because say the subcontracted items are executed more than the -- naturally there will be the after basis point difference -- 50 basis point of the difference will automatically come.

And actually we will see the quarter-to-quarter the difference of around, say from 0 to 100 basis points may come basically depending upon the what actual work is getting executed on the project and particular which site is contribution the higher number of revenue actually.

Analyst

Right. Sir, given what order book we have and what execution is to happen next year broadly what kind of margins would we expect next year?

Nitin R Patel, Whole Time Director

See, current year or full year, we are confident that the margins will remain greater level, will remain almost above 11% or 11.25% actually what we generally presume. This we comfortably tell based on because January is already over. So what has January executed actually, so that we have -- we can consider that almost 11 to 11.75, this will be the range actually of EBITDA level.

Analyst

Right. Sir, on the Chhindwara project that we had got earlier, have we started work on that?

Nitin R Patel, Whole Time Director

Environmental clearance for 100% of the project is completed just last week. So now the signing of the agreement will take place mostly Monday or Tuesday in next week. We have already started the mobilization, but March, may we can start some of the ground activities, but April onwards the work will be started in full fledged manner.

Analyst

Sir, next year when this execution fix-up, should we expect that to prop-up our margins given that we are expecting better margins in this project?

Nitin R Patel, Whole Time Director

See margins are already, there we have, see ultimately overall we can tell that the company will be able to complete the, all the existing job within the say range of 11 to 12%, we don't see any challenge actually in the same. Even the material price, because as soon as the one year ago because we have already loaded the additional escalation of almost all the projects. So that will also come and play a role actually in terms of the top-line actually. So we are confident that revenue and the margin will be sustained over a period of time actually.

Analyst

Okay. Sir, on the Maharashtra Border Check Post project now we've seen some EPC cost savings accordingly the equity the debt drawdown will also reduce. Will there also be higher profits on the EPC contract there?

Nitin R Patel, Whole Time Director

No, no profit will be there actually. Otherwise once the EPC there we reassign the EPC so automatically that job will not be executed and the money will also not come to Sadbhav Engineering, it will be retained by SPV only.

Analyst

So there won't be any higher margins back ended once?

Nitin R Patel, Whole Time Director

No, no, it is not the I think in SPV levels definitely the margin level will change the IRR will change basically, but at construction level it has to be rational actually.

Analyst

Okay. Sir, this Rohtak project appointed date has been delayed, what is the reason for that?

Nitin R Patel, Whole Time Director

See originally actually when they have issued the 3D notification for the 100% of the land the price was almost around 40 lakhs per acre. It was decide, the government price, state government price was at. So, NHAI has agreed to pay and but before NHAI has paid, the government has suddenly increased their rate from 40 lakh to 80 lakhs per acre actually. It has just doubled. So, because of the same NHAI has again go to their Board approval and that entire process has taken place. So, because of that we have not taken the appointed date. You ask NHAI you please provide us 80% first, then after we will take the appointed date. So, now everything is on

track.

And the payment that the new rate has already been made by NHAI to the various collectorates basically for distributing them to the land owner. So, now within a 10, 15 days time the appointed will happen actually.

Analyst

Okay. Sir, on the Dhule project, you mentioning earlier there is some early completion bonus that we will get.

Nitin R Patel, Whole Time Director

Absolutely.

Analyst

What would be the nature of this, would it--?

Nitin R Patel, Whole Time Director

See ultimately, there is a provision in the contingent agreement that we complete -- since we complete the 75% of that project land, we'll be allowed to collect that toll 175% and that also we have to complete within a 75% time period.

Analyst

Right.

Nitin R Patel, Whole Time Director

So 75% time period is completing in the month of February 2012, but we are expecting this 75% tolling will be started by the end of June 2011. So, from June to February 2012, this 80% of that 75% revenue will come as a bonus to Sadbhav Engineering.

Analyst

Okay. So this will come from HCC or this will come from the SPV?

Nitin R Patel, Whole Time Director

That is from the SPV only.

Analyst

Of the toll income or of the--?

Nitin R Patel, Whole Time Director

Tolling revenue. Net tolling revenue 80% of net tolling revenue will come as a bonus.

Analyst

Sir, this will be between the months of July to which month, sir?

Nitin R Patel, Whole Time Director

February 2012.

Analyst

Okay. Sir on the, just wanted to clarify on the outstanding to SPVs, on the Rohtak project itself we have incurred cost of 95 crores. And the earlier in the balance sheet numbers you get the outstanding to SPVs was only 40 crores. So is there some other outstanding to SPVs which is not in the balance sheet number you give?

Nitin R Patel, Whole Time Director

I could not recognize your question, can you repeat?

Analyst

What is the total outstanding loans and advances to SPVs?

Nitin R Patel, Whole Time Director

See, outstanding loans and advances to the various SPVs, just a minute, no, no it is, the goodwill, outstanding loans and advances given by whom, Sadbhav Engineering?

Analyst

Sadbhav, yes.

Nitin R Patel, Whole Time Director

Sadbhav to SPVs?

Analyst

Yes.

Nitin R Patel, Whole Time Director

It is not more than altogether it is around -- no, no 40 crores only.

Analyst

Okay. And how much of this is Rohtak-Panipat project?

Corporate Participant

See, Rohtak-Panipat, there is nothing is outstanding now.

Analyst

But we have incurred some cost. So, we would have funded it out of our own.

Corporate Participant

No, no. That is actually it is not the advance. Actually, this is the actual expenditure which is not booked actually because if we book the revenue then we have to book the expenditure for the project.

Analyst

Okay.

Corporate Participant

So it is nearing to the revenue actually because SPV cannot certify the invoice for the work done.

Analyst

Okay.

Corporate Participant

So to that extent, we cannot consider the expenditure also in the books actually.

Analyst

Okay. Sir, and what is the average cost of debt for us right now and how much increase have we seen in recent times?

Corporate Participant

So, the average as of now, it is in Sadbhav Engineering levels standalone, it is around only 10%.

Analyst

Sorry. Sir, can you give that number again?

Corporate Participant

Near to 10%, 10%.

Analyst

Okay, okay. And any increase in recent times?

Corporate Participant

Any recent times, it has not...at least 50 basis points has got increased basically at average level. But particular because no much any new funding has been taken by the company. And we will see given the situation once the conversion of this warrant money of this balance 80 crores that will come into the place in the balance sheet on the February 20th because 11 February is the closing date for warrant payment actually.

Analyst

Right.

Corporate Participant

So that 80 crore will also come at Sadbhav Engineering. So, I think also the debt level will again come down actually.

Analyst

Right. Sir, one final question of the bids being invited by NHAI, any one's that you're participating in sometimes soon?

Corporate Participant

Yes, we are, first two jobs, RSP we have already received. The first is the Beawar-Pali-Pindwara. This is 200 and almost 389 kilometer project length. And second one is Ahmedabad-Vadodra, both projects we are in consortium with Macquarie SBI Fund, 50-50 we are having the JVs of the same.

Analyst

Okay. And when are these bids invited?

Corporate Participant

Beawar-Pali-Pindwara, it is...I think it is the 24th or 25th of the March and almost because we expect that this also Ahmedabad-Vadodra will also be...bid will be invited before 31st of March.

Analyst

So, this will be opened before March you expect?

Corporate Participant

Absolutely. Before March.

Analyst

Thank you so much, sir. And all the best.

Corporate Participant

Thank you very much. Thank you.

Operator

Thank you. The next question is from the line of Vikash Verma from B&K Securities. Please go ahead.

Vikash Verma

Hello, sir.

Corporate Participant

Hi, Vikas. Tell me.

Vikash Verma

Sir, most of the question have been answered. Just want to check on the interest on the SPV, it going to out, it going to be reset?

Corporate Participant

Interest actually see in various SPV, it is like this where the construction period is going on...

Vikash Verma

Yeah.

Corporate Participant

...so during the construction period, there is no reset available to the lender.

Vikash Verma

Yes sir.

Corporate Participant

And once the construction is completed, it is a yearly reset.

Vikash Verma

Okay, yearly reset. And sir, in the Aurangabad-Jalna and Ahmedabad Ring Road, it will also be yearly reset?

Corporate Participant

Yes, it has already been now reseted. Aurangabad-Jalna, the total I would say as of now we are paying 10.75%.

Vikash Verma

Yeah.

Corporate Participant

And Ahmedabad Ring Road, we are paying 10.25%.

Vikash Verma

Okay, sir. And just one last question sir, what is your own order book around, up to 70 to 80 crores, but it will be an odd capital order book.

Corporate Participant

Around 3,400 crores.

Vikash Verma

3,400 crores. Okay, sir. Thanks. All the best, sir.

Corporate Participant

Thank you.

Operator

Thank you. The next question is from the line of Sagar Parekh from Enam Holdings. Please go ahead.

Sagar Parekh

Hello, sir. Just wanted a data point actually. What was your order book same quarter last year? And can you give me the breakup of the same?

Corporate Participant

That actually, exactly it is, same quarter of last year, it is not available with me now.

Sagar Parekh

Okay.

Corporate Participant

But I can definitely send, I am just noting now, but I will definitely send what was the order book on the same quarter of the last year.

Sagar Parekh

Okay. Sure. You have the sequential last quarter what was the order book and it's breakup, if you can give me that, quarter two?

Corporate Participant

Like quarter, by the end of quarter two, it was almost around 7000, some 800 or something 7800 crores odd actually.

Sagar Parekh

Okay. Do you have the breakup of that?

Corporate Participant

Breakup in the sense around, see irrigation was around 630 or 640 crores. Mining was around 1200 crores, and see roads was the, balance almost around near to 6000 crores.

Sagar Parekh

6000 crores. Okay. And sir, can you give a breakup of the EBITDA margins. How much do you make in irrigation, mining and roads respectively?

Corporate Participant

There generally, we do not have actually basically on a...that segment wise year, because we generally keep the book as per the requirement guidelines of the Institute of Chartered Accountants and it is the...just because it is the only one industry in construction. So everything is coming under the one category.

Sagar Parekh

Sir, if you can give us the ballpark number as to...?

Corporate Participant

Ballpark broadly actually see we..what is the -- in the roads particularly in cash contract and this BOT, almost the cash contract is near to around 10.5 to 11%. And in BOT almost around 12.5 to 13% actually. In mining, it is almost near to 18 to 20% at EBITDA level. And irrigation is almost near to 8%.

Sagar Parekh

Irrigation 8%. Okay. And sir, I wanted to check on your working capital situation right now as in what are the debtor days and creditor days?

Corporate Participant

See, debtor days is normally except for this Dhule Palasner, because Dhule Palasner, it is being operated through the...through separate contract actually. Remaining debtor days is not more than hardly 30 days or 45 days we can take

45 days.

Sagar Parekh

Okay.

Corporate Participant

And creditor days is almost around 15 to 20 days only.

Sagar Parekh

15 to 20 days.

Corporate Participant

And in terms of the outstanding working capital as of now, out of the total debt what I've mentioned.

Sagar Parekh

Right.

Corporate Participant

Working capital outstanding is around...to the tune of around 210 crores only...230 crores I think working capital only. The equipment loan is separate actually is around 175 crore in the equipment loan.

Sagar Parekh

Okay. Equipment loan is 175 crores.

Corporate Participant

Exactly.

Sagar Parekh

Okay. And debtors would be how much total absolute number?

Corporate Participant

Absolute number debtor basically outstanding is around 510 crores total.

Sagar Parekh

And your creditors?

Corporate Participant

Creditors actually it is not much actually, it is around 75 to 80 crores only.

Sagar Parekh

Okay, sir. That's all from my side. Thank you.

Corporate Participant

Thank you.

Operator

Thank you. The next question is from the line of Harish Venkat from Nomura. Please go ahead.

Analyst

Hello. Good evening, sir.

Corporate Participant

Good evening, Harish. Please.

Analyst

Yeah. I had two questions. One is regarding the traffic growth, I mean what's the kind of traffic growth you're seeing in your operational projects year-on-year?

Corporate Participant

See, Ahmedabad Ring Road has witnessed traffic growth compared to previous year. It is around 13.5% average across the category in

terms of the PCU growth actually.

Analyst

Okay.

Corporate Participant

Ahmedabad Ring Road and Aurangabad-Jalna, it is near to 8%.

Analyst

Okay. Sir, my second question is regarding this notification something was there in the media last month regarding toll being cut for the 3x will truck by Re. 1. So, just wanted to check if there has been an official notification from NHAI and for the current projects for which you're bidding, will it be on a new rate for all these PSL trucks?

Corporate Participant

See, official notification has already been issued by the government now. It is available now on the government website also. And but, see in the current projects, it will not have any effect.

Analyst

Okay.

Corporate Participant

Whatever new projects will come, it will be under the new notification.

Analyst

Okay. So the bids you're submitting now for example in Beawar-Pali et cetera that will be according to the new rule.

Corporate Participant

Exactly.

Analyst

Okay. Thank you, sir. That's it from my side.

Corporate Participant

Thank you. Thank you very much.

Operator

Thank you. The next question is from the line of Naveen Jain from Indiabulls Securities. Please go ahead.

Naveen Jain

Yeah. Good evening, sir.

Corporate Participant

Good evening, Naveen Bhai.

Naveen Jain

Yeah. Sir, few questions actually. One on your working capital side, you said that your net current assets now stands at about 560 crores.

Corporate Participant

Right.

Naveen Jain

At the end of second quarter, it was 340 crores. So, it's gone up by 200 odd crores, is that right?

Corporate Participant

Absolutely. Because the major amount has invested more in this Dhule also we have started investing and also the basically because Rohtak-Panipat, we've already completed the job, exhibited the job, but the money is yet to flow from the SPV actually.

Naveen Jain

Okay. So, Dhule as you're saying you've invested that means probably some equity you have invested by the advances to subsidiaries, is it like that?

Corporate Participant

No, not the equity. It is the outstanding for payment to be received from the SPV.

Naveen Jain

What about the EPC contract in the sense?

Corporate Participant

Exactly EPC contract. and in Rohtak also, it is the same actually.

Naveen Jain

Okay. Got it. And second is on your MNEL project which is the Mumbai-Nasik project. You...it's almost like it suppose to complete by April. So it's late almost by year now. So, does that mean your concession period will get extended because I believe that was not for your fault that the delay has happened?

Corporate Participant

Absolutely, because it has to...because already it has recommended by NHAI, now the recommendation is with the NHAI Board. And they will, before issuing the final notification for the toll, they will issue the total new concession period actually. And the final date for handing over of the project to the NHAI, actually.

Naveen Jain

Okay. So you'll get an extension of somewhere about a year may be.

Corporate Participant

Exactly.

Naveen Jain

Okay. And what is...

Corporate Participant

It is almost two years.

Naveen Jain

Okay, two years.

Corporate Participant

Exactly. Because recently NHAI Thrissur-Angamali project in South, they have already given the extension in the considering period now.

Naveen Jain

Okay. So, who is the developer there?

Corporate Participant

Perhaps, there is somehow directly, I don't know, but Sunil might be one of the developer, actually.

Naveen Jain

Okay. And I mean, I think 50% of the road is already collecting the toll, right?

Corporate Participant

66% is collecting the total.

Naveen Jain

Okay. And what is the toll collection you have kind of average collection that have?

Corporate Participant

18 lakhs per day, 18 lakhs per day.

Naveen Jain

Rs. 18 lakhs per day for 66%. So I mean, safely to say that once it's scale up to 100%, will proportionately go up?

Corporate Participant

No, it will go through a different manner, because Mumbai side toll will be higher. So, we see that it will be included tune of around 29 to 30 lakhs per day actually.

Naveen Jain

29 to 30 lakhs per day. Sure, sir. And sir, in your this MP-Dhule project you mentioned that since you will be able to complete 75% of the project by June itself...

Corporate Participant

Correct.

Naveen Jain

...rather than February, which was the target date for 75% completion.

Corporate Participant

Correct.

Naveen Jain

And you...therefore, you will be entitled to a bonus between June and Feb. toll collection, which is basically 80% of the toll collection that will be there.

Corporate Participant

Net toll collection, net.

Naveen Jain

Of net toll collection, true. So, just wanted to understand this bonus comes to the SPV right, it does not come to you as a APC contractor?

Corporate Participant

See that is the reason basically I am telling now one thing, now the correct economics I would like to mention. See we have given the budgeted cost estimate for 30 months and according to that IDC has been worked out, Interest During Construction.

Naveen Jain

Right.

Corporate Participant

Now we are completing the project ahead of schedule.

Naveen Jain

Okay.

Corporate Participant

Our SPV is not making the payment to EPC contractor in full, they are making only payment as per the actual budgeted figure as per the contract agreement.

Naveen Jain

Okay.

Corporate Participant

So they are not because they will make the payment to us only if they show us the 75% work we complete in June, but actual payment we will get by the end of February 2012.

Naveen Jain

Okay.

Corporate Participant

So, we are taking the heat of that actually, and against that we are getting compensated by way of the bonus, actually because of the early completion bonus is coming to system.

Naveen Jain

Okay.

Corporate Participant

So, what SPV is telling we want 140 crores as of now upfront. So they are telling that you commit that, you will complete the...you will not take any bonus from June onwards.

Naveen Jain

Okay.

Corporate Participant

And the entire will be returned because that part we will utilize for servicing the date actually to the lenders.

Naveen Jain

Okay.

Corporate Participant

Now instead of servicing, they will service to the lenders out of the money which they have not yet paid because they have saved in

the...saved but actually the cost...there will not be any cost overall in terms of the IDC actually.

Naveen Jain

Okay.

Corporate Participant

The mechanism actually works in that fashion, that is the main reason why 180 crore is outstanding.

Naveen Jain

So your consortium partners have agreed to this formula?

Corporate Participant

Everything, yes everybody has to agree. It is the written contract actually.

Naveen Jain

Okay. And you're saying that 75% of the project was supposed to get completed by Feb. 2012. So and then you're entitled to start collecting toll. So that means the concession agreement itself says that 75 once you complete the 75% of the project, you can start collecting toll on this project?

Corporate Participant

The date is same based on the same actually.

Naveen Jain

Okay. And when is the entire 100% expected to be completed?

Corporate Participant

The schedule for -- date is August 2012.

Naveen Jain

August 2012. But since you're ahead of the schedule, it'll probably be much...?

Corporate Participant

Ultimately because ultimately it will be completed in January or February 100% will be over.

Naveen Jain

Okay. What is the revenue share in this project?

Corporate Participant

Revenue share actually, it starts from 2,610 days post COD. So 10th year a post COD we have to pay 2% revenue share to NHAI and then increased 1% every year till the end of concession.

Naveen Jain

Right. And this 10 year or 2,610 days starts getting calculated from your...

Corporate Participant

COD, post COD.

Naveen Jain

From the original COD. I mean the...

Corporate Participant

Actual COD.

Naveen Jain

Actual COD?

Corporate Participant

Yes.

Naveen Jain

Okay, whenever the NHAI notifies the COD.

Corporate Participant

Exactly.

Naveen Jain

Okay. Got it. And sir, in your Nagpur-Seoni project, you said some part if I understand it correctly, some part is yet to be completed because of whatever right of the issues that are there.

Corporate Participant

Correct.

Naveen Jain

But still NHAI is going ahead with the COD basically given as COD. So, just wanted to understand what proportion of the project is complete in terms of percentage?

Corporate Participant

-- In terms of the land, out of 56, 28 kilometers is fully completed.

Naveen Jain

Okay. And balance 28 kilometers we would have done some work?

Corporate Participant

We have done only two converse basically just which was damage during the operation this traffic playing actually. So that has been paid in by way of the variation item as a cash basically by NHAI.

Naveen Jain

Okay.

Corporate Participant

So, it is a separate item.

Naveen Jain

Okay. So right now, you have completed 50% and there will be a COD, but still you will receive the entire annuity amount which I think was somewhere around 30 odd crores?

Corporate Participant

It is the proposal given by NHAI.

Naveen Jain

Okay.

Corporate Participant

So we are...against that they are asking us taking undertaking from us that's within 24 months if they provides the land, we have to complete that work without asking any extra cost to them actually, from them.

Naveen Jain

Okay. And in that case, the concession period will not be extended at all because you're getting the full annuity right away.

Corporate Participant

Absolutely.

Naveen Jain

Okay. And sir, one also on your...just on your equity basically in each of these projects, I just want the details, what is your equity commitment in each of the projects? Should I take it later or can you give it right away?

Corporate Participant

See, I think we will give it later actually because we should take the measures because it was mainly broad number you have

understood.

Naveen Jain

Right.

Corporate Participant

My colleague will share you, no issue.

Naveen Jain

Okay, sir. Sure. Thanks a lot.

Corporate Participant

Thank you very much. Thank you.

Operator

Thank you. The next question is from the line of Vaibhav Jain from Religare Capital Markets. Please go ahead.

Vaibhav Jain

Sir, I just wanted one clarification. You indicated that your interest rate will be reset every year?

Corporate Participant

Post COD.

Vaibhav Jain

Post COD, correct. Sir, what is the base rate on which this is calculated is this G-SEC or Bank PLR?

Corporate Participant

See, it is a bank base rate as of now.

Vaibhav Jain

Okay.

Corporate Participant

It is on, see ultimate, how it is happening, the lead bank, a base rate of lead bank we work actually based on that. And there will be the spread over the same.

Vaibhav Jain

Okay. Which will be applicable on the entire loan?

Corporate Participant

3.5 and today, we have servicing 10.5. So, it is a 2% plus the base rate. Tomorrow if base rate is going up 9% then I have to start servicing at 11% actually.

Vaibhav Jain

Okay. Sir, if you have to reset it today.

Corporate Participant

Correct.

Vaibhav Jain

Then what happens, I mean, if you can give that number?

Corporate Participant

See reset, there will be the arrangement before 45 days, we will also issue a notice to lender, they will also issue. If they want to change the spread, that they can ask for the change in the spread or also we can go and tell to reduce the spread. Obviously, they will ask for increasing the spread actually.

Vaibhav Jain

Right.

Corporate Participant

So that is the reset. So that will take place every year.

Vaibhav Jain

Okay.

Corporate Participant

And then rate will remain the same based on the base rate actually.

Vaibhav Jain

Sir, some for the players in the industry have gone, for example, for a fixed rate of interest throughout the operation period and some of them have actually gone for interest rate willing to G-SEC, which is far less volatile as against a

bank PNR. So do you have any ideas on that area?

Corporate Participant

Actually, that idea on the fixed rate we don't have any idea because we don't know any of the concession in our knowledge actually those who are got the fixed rate actually for throughout the concession period.

Vaibhav Jain

Yeah. LIC has done that for their Mumbai-Pune Expressway.

Corporate Participant

That is one kind of actually secularization. It is I think LIC perhaps is doing...it is a one kind of bond actually. It is not a lender's money ultimately it is a bond range. So, in terms of that they can go for the fixed rate actually.

Vaibhav Jain

Okay.

Corporate Participant

Normally LIC is agreeing post two or three years from the COD.

Vaibhav Jain

Okay.

Corporate Participant

So that LIC is giving. But other than that the banking the system loan, other banking...the banks are giving funding this way actually.

Vaibhav Jain

Okay. Sir, as far as secularization is concerned, you would consider that only when you win new projects and you require cash upfront right?

Corporate Participant

That is a obviously as and when if required that time we can think of it.

Vaibhav Jain

Nothing in near term?

Corporate Participant

Exactly.

Vaibhav Jain

Okay, sir. So that's it from my side.

Corporate Participant

Thank you. Thank you, sir.

Operator

Thank you. The next question is from the line of Ashish Kumar from Marwadi shares and Finance. Please go ahead.

Ashish Kumar

Thank you for taking my follow-up question, sir. Just wanted to know the revenue recognized in each of these projects for nine month. The Dhule-Palasnar-Maharashtra Border Check Post, Hyderabad-Yadgiri, Bijapur-Hungund and Rohtak-Panipat, the revenues recognized in the EPC division of -

Corporate Participant

That actually as of now, it is not available with me. You can send us the separate mail, we will send it across, no issue.

Ashish Kumar

Okay. Thank you, sir. No problem.

Corporate Participant

Thank you.

Operator

Mr. Kumar?

Ashish Kumar

We are done. Thank you.

Operator

Thank you.

Corporate Participant

Thank you.

Operator

The next questions is from the line of Jiten Rushi from BP Equities. Please go ahead.

Jiten Rushi

Hello.

Corporate Participant

Yes Jiten Bhai. Please tell me.

Jiten Rushi

Congratulation sir for the great results.

Corporate Participant

Thank you very much, Jiten Bhai.

Jiten Rushi

I'm attending the conference for the first time actually.

Corporate Participant

Yes.

Jiten Rushi

And the company under my cover is for the first time.

Corporate Participant

Correct.

Jiten Rushi

I would like to know about the future plans like how are you going to work like you said you're going to bid for future projects of 3,000 to 4,000 crores. And you have a net worth of around 6,000 crores. So, are you going to go for any further that or you will be going from the internal accruals or you will be going for SPV or joint ventures, something

like that?

Corporate Participant

See, ultimately first of all that project, the project size which is as of now it is ranging from averagely 2,000 to 3,000, 3,500 crores.

Jiten Rushi

Correct.

Corporate Participant

Okay? But ultimately always there will be a joint venture, there is no standalone bidding will not be there.

Jiten Rushi

Okay.

Corporate Participant

Because as I have mentioned this major, all major highways of the 2,500 crore and above, we have already signed a JV with Macquarie SBI Fund.

Jiten Rushi

Correct.

Corporate Participant

So they will be the 50% partner. So the 50% equity will be brought in by them and the -- 50% we have to brought in, only the thing is that now engineering will have a exclusivity to do the EPC contract actually.

Jiten Rushi

It's a 100% increase.

Corporate Participant

100% of the project land actually. So, we don't see any of the big challenge actually for arranging the equity for these kind of projects, actually.

Jiten Rushi

Okay.

Corporate Participant

And see, ultimately that also because out of these almost around 64 projects are lined up for bidding.

Jiten Rushi

Correct sir.

Corporate Participant

By NHAI, so we see that we may get two-three it depending upon our bidding and also the criteria of what we are pretend to take actually.

Jiten Rushi

So, your surface ratio could be between 10 to 15% like?

Corporate Participant

Yeah. See it depends upon how much participants are there actually and what is the market condition, everything depends upon this practical situation at the time of submission of the bill, actually.

Jiten Rushi

Sir, where is the focus area, usually you've been focused on the Western side?

Corporate Participant

See, ultimately main focus is to take the job for execution. Execution is the main focus, either it may be road, irrigation or mining. But road sector obviously, the lot of order books is already lined-up actually. So we will definitely continue to give one focus on road side. Other also we are very keen to go ahead for mining actually.

What we see there is that we are very bullish basically that over a period of two to five years time horizon, there will a huge opportunity will come in the mining front. So, we want to continue be aligned with this business in a bigger way. And as and when we find the proper opportunity we will jump in the same actually.

Jiten Rushi

Sir, do we have a specialized underground mining segment like...

Corporate Participant

No, we don't have underground.

Jiten Rushi

And now henceforth if you see -- is going to expand on the underground mining segment. So, how do you look at to grow like?

Corporate Participant

Exactly but as of now, we have not yet thought in the same.

Jiten Rushi

Okay.

Corporate Participant

But we will see later on how the things are going on, but as of now, it is not that actually.

Jiten Rushi

And sir, just want to know like project wise you are on the Western front like, how you look yourself on the Pan India base, like...

Corporate Participant

With Pan India already if we see in terms of the mining we are doing.

Jiten Rushi

Yeah.

Corporate Participant

U.P., similarly we are doing Andhra Pradesh, this Southern corridor we are doing, Orissa, Mahanadi -- we are doing in the -- road -

Jiten Rushi

Roads on like?

Corporate Participant

In road, it's also we are in Haryana. We are already there Andra Pradesh already there. No doubt because some of the other part of the state we are having particular toll base projects, we are having very limited basically calculation in the same. We don't want to move and for the areas where the tolling risk and willingness to pay is comparatively lesser than the other part of the country actually.

Jiten Rushi

Correct, sir. Thanks a lot, sir.

Corporate Participant

Thank you very much. Thank you.

Operator

Thank you. [Operator Instructions]. The next question is from the line of Kenin Jain from Voyager Investment Advisors. Please go ahead.

Kenin Jain

Out of these loans and advances of 630 crore, 120 crore is given to contractor, 40 crore to subsidiary. So, where the balance amount is like from the loans and advances side?

Corporate Participant

See, loans and advance balance that we've mentioning, say it is...advances to supplier for wage and salaries. This is a advances to sub-contractor, it is almost around 449 crores.

Kenin Jain

Okay.

Corporate Participant

Actually.

Kenin Jain

You do mentioned 120 crore I think?

Corporate Participant

No, no 449, these are actually...it is a not the...it is a subsidiary, it is like this.

Kenin Jain

Okay.

Corporate Participant

449 crores is the almost all the sub-contractors, because it is a big, big project, that is a lot of advances has been given. And all are against the bank guarentees.

Kenin Jain

Okay. Right. Secondly, also there was some development like in the Gujarat Investment Forum there was some MOU which you were thinking of lining. So what is the development on that front?

Corporate Participant

We have signed the three MOUs.

Kenin Jain

Okay.

Corporate Participant

One for the expansion of this Ahmedabad Ring Road, that is almost to the tune of around 2000 crores. And the second one is for the develop, there is a laying of the actually the extension of the...some irrigation project on annuity basis. So that is around 2,025 crores. There are three various projects has been identified by us actually. So Government of Gujarat has signed the MOU for the same.

And third one is the some multi-level parking plaza on a 35 year concession basis. So at a fixed locations, so the size is almost around 300 crores for all the six. So there is a three, we have signed with Government of Gujarat.

Kenin Jain

So, what is the next step after MOU like this will be done by you or like how basically?

Corporate Participant

That is absolutely, we have to now develop the concieve the project now. And we have to prepare the DPR and submit to the government for approval. Or after the approval we have to submit our bid and once we will submit the bid, government will go for open tender and wherein we will have a first right of matching.

Kenin Jain

Right. So, you will be basically acting at the facilitator in this project. And you will be conceiving it and if you are ready to match L1, you will be awarded this project, right?

Corporate Participant

Absolutely. That is because it is a government project. So, it cannot be come as a direct thing actually.

Kenin Jain

What is the timeliness where we can get some better clarity on this?

Corporate Participant

Actually see, I think the Ring Road and this Plaza, Parking Plaza will, we expect that the, by the June, it will be having a clear clarity. And this irrigation by the...I think for a September, it will have a clarity on the same.

Kenin Jain

Fine, sir.

Corporate Participant

Because we were from Ring Road, we've already started and survey notification for the irrigation we already given to government. So, now they are going to recruit their team. So, then after we will start actual work on the ground.

Kenin Jain

Right. One last thing, how much equipments, what equipments we will be having within the company, Sadbhav Engineering broadly?

Corporate Participant

Total equipment, if you see the gross block, hello?

Kenin Jain

Yes.

Corporate Participant

Total gross block is around 364 crores. And so that is the total equipment bank which is available with Sadbhav Engineering.

Kenin Jain

Thanks. Thanks a lot.

Corporate Participant

Thank you very much, Kenin Bhai.

Operator

Thank you. [Operator Instructions]. We have the next question from the line of Shamik Chatterjee from Alchemy Shares. Please go ahead.

Analyst

Nitin Bhai, just wanted to understand your outstanding order book for roads. Is the Rohtak project included?

Corporate Participant

Yes.

Analyst

Okay. Thanks.

Corporate Participant

Okay. Thank you.

Operator

Thank you. [Operator Instructions]. As there are no further questions, I would like to hand the floor back to Mr. Nitin Patel for closing comments. Please go ahead, sir.

Nitin R Patel, Whole Time Director

I would like to thank all the participants for taking a very keen and a dedicated interest in the company. And given the execution, yes, we would like to convey that it is a very clear goal in the minds of the management and all the part from Sadbhav Engineering that execution whatever challenges already there, company is totally focused on the execution.

And that it will be our goal over a period of the time. And what we understand that, that will only get the result, what we and you all are expecting from us actually.

And I'm again very much thankful and I am concluding and also thankful to Collins Stewart Inga for arranging the same con-call. Thank you very much. Thank you everybody.

Operator

Thank you, Mr. Patel. Ladies and gentlemen, on behalf of Collins Stewart Inga Private Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.