

NHAI RESUMES PROJECT AWARDING

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Finally, some rationality in bidding

After a brief hiatus NHAI has awarded 4 projects yesterday. NHAI had called for 8 bids at the end of September, of which one project Lucknow-Sultanpur was awarded to Essar-Atlanta JV last month. For the remaining 7 projects NHAI has opened four bids yesterday and grossed up premium of Rs2.5bn (all projects awarded at premium). This suggests competitive pressure has not eased out, though it cannot be completely presumed as it depends on revenue potentials. NHAI seems to be smiling all the way with premium bid worth Rs18.9bn till date and likely to surpass their target of collecting Rs22bn premium this year. The four projects totals length of 504km with TPC of Rs46.6bn.

On a positive note all the four projects have been won by strong construction players. For one of the projects spanning Maharashtra/Karnataka border to Sangareddy, L&T has quoted a premium of Rs800mn and L2 was Ramky Infra with Rs760mn, a difference of Rs50mn. Meanwhile, another project Cuttak-Angul the difference is Rs99mn and in Hospet-Chitradurga the difference is ~Rs180mn, **hence this time the bidding seems to be more rational and fair than before.**

NHAI is likely to award Etawah-Chakeri stretch, a six laning project worth Rs14.9bn, today and another three projects over the weekend (details enclosed in Exhibit 2).

Exhibit 1 - Project awarded yesterday

Name of Stretch	NH No.	NHDP Phase	Length (in km)	Project Cost Rs mn	Name of the Awardee	Premium / Grant Rs mn
Raipur-Bilaspur	200	IV	127	12,197	IVRCL	455
Cuttak-Angul	42	IV	112	11,237	Ashoka Buildcon	611
Hospet-Chitradurga	13	IV	120	10,450	Ramky Infra	630
Mah/KNT-Sangareddy	9	IV	145	12,730	L&T	800
Total			504	46,614		2,495

Source: PINC Research

Exhibit 2 - Projects likely to be opened by weekend

Name of Stretch	NH No.	NHDP Phase	Length (in km)	Project Cost Rs mn
Har/UP Border--Barwala-Panchkula	73	III	104	9,380
Chandikhole-Paradeep	5A	V	77	8,085
Kharagpur-Baleswar	60	V	119	4,866
Etawah-Chakeri	2	V	157	14,915
Total			457	37,246

Source: PINC Research

Exhibit 3 - Projects bid date likely sooner

Project	Length km	Project cost (Rs mn)	Pre-qualified bidders	Bid due date likely
Bakhtiyarpur - Khagaria	113	-	27	28th Nov
Mahulia - Bahragora	150	8,620	27	30th Nov
Solapur-Maharashtra/Karnatka border	100	9,500	41	5th Dec
Total	363	18,120		

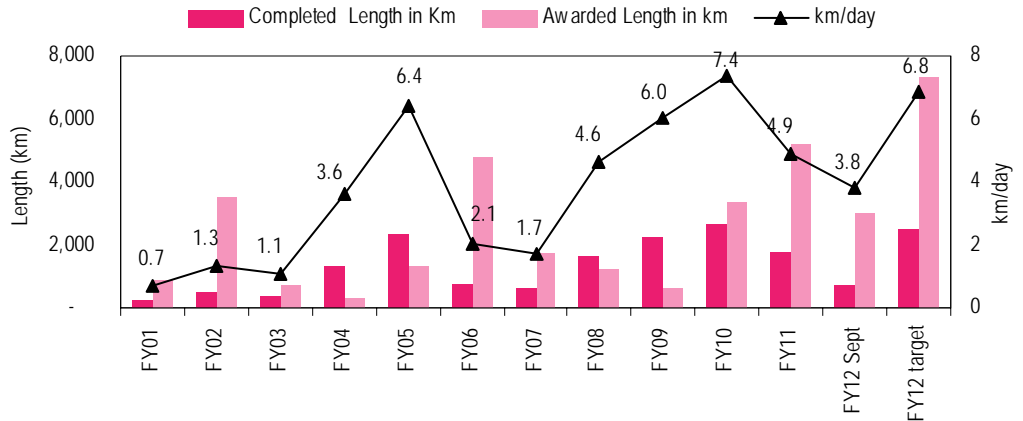
Source: PINC Research

NHAI still to award 3,800km; seems an uphill task

NHAI has awarded ~3,500km of projects worth Rs311.2bn till date and has completed ~690km of construction till September. Over the next four months NHAI has to award ~3,800km of projects to meet its target of awarding 7,300km and has to construct ~1,810km to achieve ~2,500km target of roads construction, which we believe is difficult to achieve.

Exhibit 4 - NHAI project awarding and completion

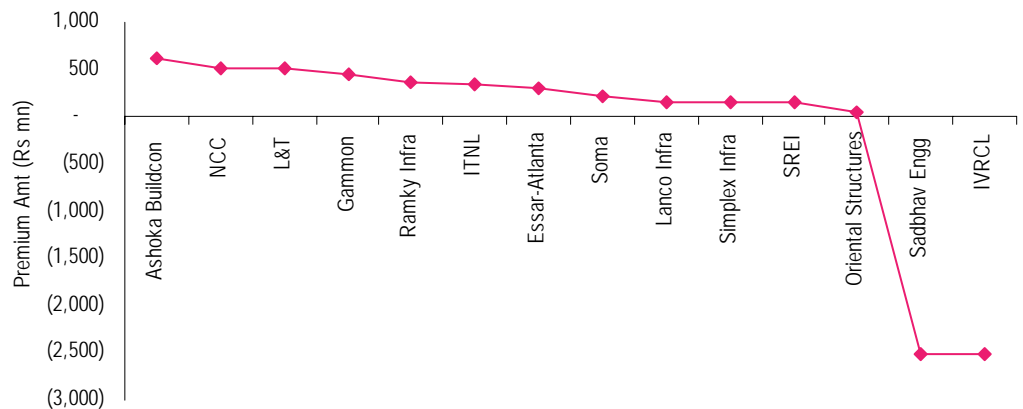
20 km/ day unlikely in near term...



Source: PINC Research, NHAI

Exhibit 5 - Bidding of Cuttak - Angul

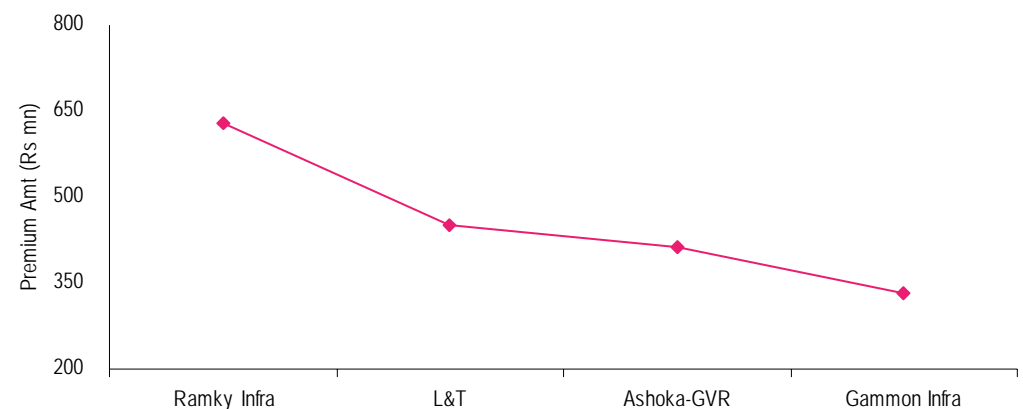
Except for two bidders requesting grants, other bids seem to be rationale with very less difference between them...



Source: PINC Research

Exhibit 6 - Bidding of Hospet - Chitradurga

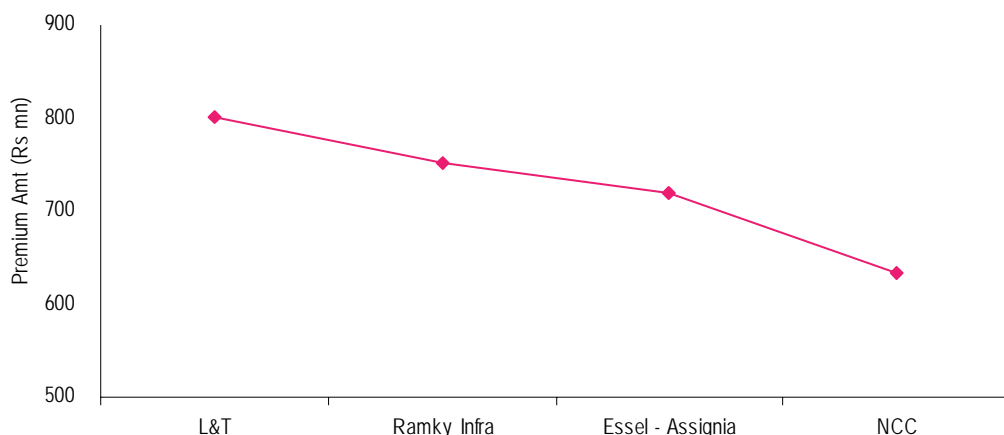
Difference of Rs180mn between L1 and L2 bidders...



Source: PINC Research

Exhibit 7 - Bidding of MH/KNT - Sangareddy

Difference of Rs50mn between L1 and L2 bidders...



Source: PINC Research

Exhibit 8 - NHDP status

Particulars	GQ	NS & EW Ph. I & II	NHDP Phase III	NHDP Phase IV	NHDP Phase V	NHDP Phase VI	NHDP Phase VII	NHDP Total	Total by NHAI
Total Length (km)	5,846	7,300	12,190	14,799	6,500	1,000	700	48,335	50,098
2/4/6/8 laned									
By NHAI	5,829	5,831	2,617	-	655	-	-	14,932	16,207
By MORTH (PWD)	-	-	-	-	-	-	-	-	-
- Total till date (km)	5,829	5,831	2,617	-	655	-	-	14,932	16,207
(%) Completion	99.7	79.9	21.5	-	10.1	-	-	30.9	32.4
Under implementation (km)	17	648	2,787	-	460	-	41	3,953	4,010
Letter of award issued/ agreement signed and work to be started (km)	-	243	3,325	1,744	2,078	-	-	7,390	7,808
Length to be awarded (km)	-	420	3,380	13,055	3,307	1,000	659	21,821	21,841
Length completed during the month	1	21	62	-	2	-	-	86	89
Financials (Rs cr.)									
- Awarded cost of contracts under implementation / BOT grant annuity payment	1,634	14,544	11,619	1,447	4,211	-	561	34,016	36,970
Expenditure									
- During the Month	13	205	1,152	26	191	2	-	1,589	1,604
- Current Financial Year	166	2,503	7,628	348	1,573	2	4	12,224	12,422
- Cumulative till date	30,941	48,552	32,565	382	10,635	6	4	123,085	132,383

Source: PINC Research, NHAI

Note: updated till Sept 2011

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