

**Transcript of the Conference call held to discuss FY12 Audited Results
May 10, 2012**

Moderator: Good morning ladies and gentlemen, welcome to the IRB Infrastructure Developers conference call hosted by the company on the results for the financial year 2012. We have with us today Mr. Virendra Mhaikar, Chairman and Managing Director, Mr. M L Gupta, Executive Director, Mr. Anil Yadav, Group Chief Financial Officer, Mr. Dhananjay Joshi, CEO, Realty and Airport & Head Corporate Finance, Mr. Madhav Kale, Head Corporate Strategy Planning and Mr. Mehul Patel, Group Company Secretary on the call. After the opening remarks by the management there will be a question and answer session. I now request Mr. Virendra Mhaikar to give you an overview of the companies' significant development during the financial year. Thank you.

Virendra Mhaikar: A very good morning to all of you. At a glance, this year has been a crucial year for the growth of the company and it is clear that the strategy that we had put in place over the years have continued to gain traction. Clearly the momentum we had seen in FY11 has extended for IRB even in this fiscal. We have continued with our focus in road infrastructure development this fiscal. On project execution front we have five projects under implementation during the year. We have completed construction of Surat-Dahisar project and Kolhapur project. We completed about 55% of work in Jaipur- Deoli and Talegaon- Amravati project, 40% work on Pathankot- Amritsar project and around 30% work on Tumkur-Chitradurga project. These projects are progressing well and in line with the scheduled completion date. This has reflected in to a 35% jump in the construction revenue year on year. Our structuring of the EPC contract gives us a good leeway to absorb any volatility in raw material prices.

On operation front toll income has increased by 16% year on year on the back of higher wholesale price index and traffic growth now the gross toll collection for Q4 of FY12 on daily basis has reached to approximately rupees 3.6 crores. Also there was a muted effect of increase in interest rates since we have negotiated fixed rate of interest during the construction phase. Around 40% of our consolidated debt is having fixed rate during construction. We believe that in the near term interest rates would stabilize at these levels. Net debt now stands at approximately rupees 5300 crores with an average cost of debt around 11.25%.

We have achieved financial closure of Ahmadabad-Vadodara project by tying up a debt of Rs. 3300 crores and intend to commence construction by end of this quarter once we receive appointed date from NHAI.

Our order book now stands at approximately rupees 8500 crores out of which rupees 6300 crores worth of work is to be executed in the next 2 to 3 years. This order book gives us good visibility for the next two years. For FY 12, NHAI has awarded around 6500 kilometers of road projects showing more than 30% year on year growth. Out of this IRB has successfully in bagging Ahmadabad-Baroda project covering roughly around 200 km. For FY13 NHAI has declared an outlay of around 8800 km which they intend to award during the year. This is likely to translate around rupees 80,000 crores plus opportunity for developers. We are pre-qualified at this point to submit bid for projects worth rupees 36,000 crores. We are targeting order book growth of rupees 3000 to 4000 crores over this financial year.

Also in line with our strategy to grow inorganically we have been evaluating various BOT projects in the secondary markets since a year. We have successfully culminated one of the transactions by declaring the acquisition for the Omallur- Salem-Namakkal BOT project in Tamil Nadu which will be a good addition to our existing portfolio of assets. We will be acquiring entire shareholding of this existing institutional shareholders and promoters in tranches. The project is having a road stretch of 68 km and having the daily toll collection of around rupees 16 lakh. The balance

concession on this project is around 14.5 years. The project is having around rupees 230 crores of debt and our equity IRR for the projects will be around 20%. The total consideration that we would be paying the promoters would be in the range of around rupees 130 crores. Hence we believe that the proposed accusation will be value accretive and will also aid our graphical diversification. Now I would request Dhananjay Joshi to give an overview on operation of the company.

Dhananjay Joshi: Thank you sir. Financial year 11-12 was a mixed bag for the road infrastructure industry. NHAI was successful in awarding 6500 km of road projects translating a 30% jump from last year's 5000 km. However the bidding activities were quite aggressive and as a result 33 projects out of total 49 projects were awarded on premium. IRB maintained a selective and sensible approach in these biddings. We kept our focus on big sized projects with equity IRR of 18% and ended up bidding for 8 projects.

During the year NHAI has introduced e-tendering process and started annual prequalification which have helped to increase the transparency in the process and reduced overall time taken to award a project. This has accelerated the bidding calendars significantly. Target for year 2012-13 is at 8800 km. As per annual prequalification IRB can participate in single project worth rupees 4540 crores. IRB has already been prequalified for projects worth Rs. 36,000 crores. Additionally IRB has tied up with Korean construction major, M/s Hyundai Engineering Co. Ltd. for Mumbai trans harbor link project.

As you are aware, ability of any bidder is restricted in case it is having three projects which are not financially closed. We believe that there are many players who are either reaching this limit or are already reached this limit; also we believe that NHAI will continue to award projects at an even pace during the year and as a result the aggression in bidding should be reduced this year. We will continue to evaluate BOT projects in secondary market with criteria of established toll collection and around 18 to 20% equity IRR. We believe that there is a good scope of inorganic growth for the company. Now I request Mr. Anil Yadav to give overview on the financial performance of the company.

Anil Yadav: Thank you sir. First I will present to the financial analysis of FY 12 full-year compare with FY 11.

Total consolidated income of FY 12 has gone up to Rs. 3256 crores from 2503 crores in FY 11 registering growth of 30%. Substantial increase in total income is due to increase in momentum in project execution during the year. Construction revenue in FY12 has increased to 2275 crores from 1670 crores for FY 11 registering growth of 36%. Toll revenue in FY 12 increased to 981 crores from Rs. 832 crores for FY 11 registering growth of 18%. EBIDTA for FY 12 has gone up to 1495 crores from 1158 crores in FY 11 registering a growth of 29%. Interest costs for FY 12 has gone up to 546 crores from 357 crores in FY 11 resulting in increase in 53% mainly because of the increase in interest costs for funding projects like Surat-Dahisar and Tumkur-Chitradurga project, Tumkur-Chitradurga project being operational from day one we are expensing out our interest expenditure in Tumkur-Chitradurga project. Depreciation for FY 12 has also gone up to 297 crores from 225 crores for FY 11 resulting in an increase of 32% due to increase in amortization of Surat-Dahisar. Surat-Dahisar project has become operational from December 15th, 2011 accordingly this year amortization has increased. As a result of this PBT for FY 12 has gone up to 651 crores from 576 crores registering a growth of 13%. PAT for FY 12 has gone up to 496 crores from 464 crores in FY 11 registering growth of 7%. Post-minority interest PAT for FY 12 has gone up to 496 crores from 452 crores in FY 11 registering a growth of 10%. The earnings per share on basic and diluted basis is 14.92 for FY 12 as against 13.61 for FY 11 registering a growth of 10%.

Now I'll present the analysis of Q4 of FY 12 versus Q4 of FY 11. The total consolidated income for Q4 FY 12 has gone up to 881 crores from 790 crores registering growth of 11% over a Q4 of

FY 11. Consolidated toll revenue for Q4 FY 12 has gone up to 257 crores from 211 crores registering growth of 22%. While consolidated construction revenue have also gone up to 625 crores in Q4 of FY 12 from 578 crores in Q4 of FY 11 registering growth of 8%. EBIDTA for Q4 of FY 12 has gone up to 410 crores from 338 crores registering a growth of 21% over Q4 of FY 11. Interest cost has also marginally increased by 4% to Rs. 146 crores in Q4 of FY 12 from 140 crores in Q4 of FY11. Depreciation has also gone up by 73% to Rs. 102 crores in Q4 of FY 12 from 59 crores in Q4 of FY 11 due to amortization in Surat- Dahisar project as a result of this PBT has gone up to 163 crores in Q4 of FY 12 from 139 crores registering a growth of 17% over Q4 of FY 11. PAT before minority interest for Q4 of FY 12 is at 117 crores gone up by 11% from Rs. 105 crores in Q4 of FY 11. Post-minority interests the PAT for Q4 of FY 12 stands at 120 crores as compared to 103 crores in Q4 of FY11 registering a growth of 17%. Earnings per share on basic and diluted basis is Rs. 3.62 in Q4 of FY 12 as against 3.09 in Q4 of FY 11 registering a growth of 17%. Now I have finished my financial analysis and now I will hand over to our CMD.

Virendra Mhaiskar: Thank you Anil and we would now like to open the session for Q&A please.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. If you have a question please press * and 1 on your push button phone and await your turn to ask the question when guided by the facilitator. If your question has been answered before your turn and you wish to withdraw your request, you may do so by pressing the # key. Ladies and gentlemen to ask a question please press * and 1 on your phones. We have the first question from Mr. Manish Kumar. Mr. Manish please go ahead.

Manish Kumar: Thanks for taking my question. First just wanted to understand the update on Ahmadabad-Vadodra project, when we will start construction and have we started tolling on the project?

Virendra Mhaiskar: Morning Manish. We expect NHAI to hand over the site to us by end of June so by end of this quarter we expect to start the construction on the Ahmadabad-Vadodara project.

Manish Kumar: And toll on basically Surat-Dahisar project has been lower for this quarter any particular reason for that?

Virendra Mhaiskar: The traffic diversion which we have explained earlier which is because of traffic getting diverted via Nasik as there is substantial flyover construction happening over the Thane-Ghodbunder adjoining road this diversion has led to lower traffic growth on Surat-Dahisar project.

Manish Kumar: One more thing what is the consolidated debt as of now?

Anil Yadav: The consolidated net debt stands at 5300 crores.

Manish Kumar: Secondly what is the foreign exchange loss during the quarter?

Anil Yadav: Manish foreign exchange loss during the quarter was not substantial because loss last provided till last quarter \$1 was at Rs. 52 only. On 31st March the rate of \$1 was close to Rs. 51 there was no substantial loss in this quarter and anyway these losses would get capitalized because projects are under construction.

Manish Kumar: And can you give me the breakup of other income construction and both segment vice?

Anil Yadav: For this quarter?

Manish Kumar: For this quarter or the annual?

Anil Yadav: For this quarter construction has contributed, construction division was having other income close to 22 crores and BOT was having 11 crores.

Manish Kumar: Thank you that is all from my side.

Moderator: Thank you so much. We have her next question from Tina. Tina please go ahead.

Tina: My question is regarding the Salem project when MVR actually got this project they started the construction what was the total cost of this project and if you can also specify the debt equity mix at which they would have constructed this project?

Virendra Mhaiskar: This project when they completed the project the capitalized cost of the projects stood at 307.6 crores with 69.1 crores of equity and balance was senior debt and some amount of unsecured loans.

Tina: And the present debt is 230 crores?

Virendra Mhaiskar: That is correct that would include the senior debt of 217.9 crores, subordinated debt of 14.7 crores and unsecured loans of 5.9 crores.

Tina: And what is the average toll collection I missed out on that?

Virendra Mhaiskar: It is around 16 lakhs per day.

Tina: Okay that is it from my side.

Moderator: Thank you very much. We have our next question from HR Gala, please go ahead.

HR Gala: Congratulation on a good set of numbers. So I just wanted to know what kind of competitive scenario is emerging now because we understand that many small players are out and there is a good scope of work for the larger BOT companies like IRB so how do you see going forward on this road segment things will evolve?

Virendra Mhaiskar: If we look at the present norms of prequalification and bidding rules you will appreciate that NHAI has a stipulation which say that if you have three or more contracts pending financial closure then you cannot bid for the next project till you achieve financial closure of at least one or two of them and have sufficient cushion to bid again. With the steady pace of orders coming through from NHAI we believe that there will be a saturation happening with many of the players reaching at least two or three and what happens is once if you reached a saturation point of three as the process goes where you have to incorporate a SPV company and entered into an agreement with NHAI than undergo financial closure any means of struggle getting back into a bidding mode in less than 4 to 5 months is virtually impossible so there would be a window that would open up is what we believe when there will be a chance to bid at a reasonably better IRR.

HR Gala: Okay do you expect in future all the projects that the equity IRR would be higher than 18 to 20% that we are now having?

Virendra Mhaiskar: 18 to 20% sustainability looks possible.

HR Gala: And what are the major issues that you see, do you see the interest rates still following or how do you see the scenario emerging?

Virendra Mhaiskar: I think directionally the interest rates would be going down but I would not see that happening with the fast pace with the inflation pressures really do not see them coming off very fast but if you look at our own business model the toll projects have linkage with the WPI as far as the tariff increase is concerned so even if the interest rates goes down substantially and we would be helped with the higher tariff because of being linked with inflation.

HR Gala: Okay fine thank you and wish you all the best.

Virendra Mhaiskar: Thank you.

Moderator: Thank you sir. We have the next question from Vijay Kumar from SPA Capital, please go ahead.

Vijay Kumar: My question regards to your acquisition is there any ongoing maintenance contract etc with the old developer or will that also come to IRB reality construction arm of IRB?

Virendra Mhaiskar: No there would not be any continuation of relationship of any kind with the existing promoters the operation maintenance also would be taken up by IRB.

Vijay Kumar: So is it fair to say that one portion of your order book will get added from this can you quantify that roughly?

Virendra Mhaiskar: See it does not add to the order book because O&M gets canceled out or eliminated in consolidation.

Vijay Kumar: No I thought that in the order book O&M forms part of the order book?

Virendra Mhaiskar: That is the old two orders which we still carry forward but for all the rest of the BOT projects we have not added O&M to the order book.

Vijay Kumar: Wanting to understand is there any revenue share or any premium that needs to be paid or?

Virendra Mhaiskar: Yes there is a revenue share & premium both required to be paid as far as the concession agreement and netting out those negative premium and negative grant we have worked out IRR of 21%.

Vijay Kumar: So what is the quantum of premium and the negative grant?

Virendra Mhaiskar: The negative grant is around 100 crores which is payable over 5 years starting FY15 and the yearly premium is in the range of around 22.4% of the total revenue effectively is to be shared with NHAI.

Vijay Kumar: Okay 22.4% this is to be increased by one percent every year or?

Virendra Mhaiskar: Around 22.4% will be shared by NHAI. This is an old concession not at 5% annual increase or anything of that.

Vijay Kumar: Nothing like that it is just a flat share then this 100 crores is the 100 crores over FY 15, 16 and 17, is that right?

Virendra Mhaiskar: I mean effectively this is to be shared in five years from financial year 14.

Vijay Kumar: On the Surat-Dahisar obviously that traffic is getting impacted because of this traffic diversion through Nasik etc. just wanted to know what is the outlook as in FY 13 how would it be and when will it actually improve and get back to a normal state or will it kind of dip?

Virendra Mhaiskar: See the diversion impact has continued over the last one year so on the impact that growth will be believed revenue growth of 10 to 12% for the coming year.

Vijay Kumar: From whatever was there during FY 12?

Virendra Mhaiskar: over Yes.

Vijay Kumar: So that traffic growth to say this is 12% of the traffic growth?

Virendra Mhaiskar: No, I am saying 12% revenue growth.

Vijay Kumar: And so there would be WPI linked the increase in toll rates, right?

Virendra Mhaiskar: That is right.

Vijay Kumar: So the traffic growth will be what 6% essentially what you are saying?

Virendra Mhaiskar: I think the mix of tariff traffic together we expect revenue growth of 12%.

Vijay Kumar: So basically next year also this effect will broadly be there this diversion impact?

Virendra Mhaiskar: Yes.

Vijay Kumar: Is it likely to reverse at any point in time because flyover construction...?

Virendra Mhaiskar: I think as the flyover gets constructed the diversion will be called off.

Vijay Kumar: And what is the outlook on that for the completion of the flyover I know it is a state project but still I just understand...?

Virendra Mhaiskar: We believe another one more year is what they are saying.

Vijay Kumar: So FY 14 will be a recovery normal traffic from your end?

Virendra Mhaiskar: Yes.

Vijay Kumar: So we can expect a quantum increase in FY14 in terms of traffic even if not for the full year at least for the 6 to 9 months?

Virendra Mhaiskar: Yes and we expect..

Vijay Kumar: Thanks a lot I will get back into the queue if I have any questions.

Moderator: Thank you sir. We have the next question from Deepal from Citi, Deepal please go ahead.

Deepal: Good morning sir and just to question from my side one is on this acquired company since it is of loss making company what would be the net worth or book value as on 31st of March 2012?

Virendra Mhaiskar: Can we mail that to you separately? Can we have the next question?

Deepal: And the second question I had was this comment you made about this window of 4 to 5 months opening up where you will see more sedate competition just a counter thought to that see given that aggressive competition helps NHAI get better premium even they would not be aware of the idea that most of the leading contractors have enough on the plate at the moment so don't you think there is a possibility that they may slow down their bidding process for some time to ensure that all these people get financial closure and then have open it up for bidding so that we can get better premium?

Virendra Mhaiskar: No your thought is right but what is happening is they have a calendar of 8800 km to be completed and they would have to spread it out over a period of 12 months for this to be reached so bunching beyond the point I do not think it will be feasible for them.

Deepal: Okay thank you so much sir.

Moderator: Thank you ma'am. We have the next question from Chitresh from Emkay Global, Mr. Chitresh please go ahead.

Chitresh: Good morning sir thanks for taking my question. My question basically pertains to the acquired asset again since we already have 2-2 1/2 years of existing operating numbers can we have the traffic growth estimate numbers that we have seen on that patch?

Virendra Mhaiskar: We have seen the traffic growth around 6 to 7% and in that region we have seen the traffic growth of 6 to 8%.

Chitresh: Can we have the toll collection number for FY 11 as well?

Virendra Mhaiskar: I think for FY 12 it will be around 53 to 54 crores.

Chitresh: Sir we understand that this particular project was financed at significantly higher rate of interest because of some promoter related issues but how do we foresee this renegotiation with the banker and when are we likely to see it?

Virendra Mhaiskar: This project presently has almost 13% rate of interest on the debt that it carries. Once we come into the project we intend to reengineer this financially by reducing the interest cost by refinancing it with a different set of lenders in case is the present set of lenders are not willing to reduce the interest rates. You would be aware that IIFCL has now come out with structure where they are refinancing operational projects directly with the developers at around 10.5% interest rate so that window would be clearly available for this project had been an operational project and a track record on the revenue. So we would be looking at all those kinds of things to reduce the interest cost.

Chitresh: And sir last question would be just wanted an procedural issue related question and we are supposed to pay a royalty on Ahmadabad –Vadodara project and can we understand how does this reset clause works with regards to the increase of 5% is it a physically oriented reset or

is it a annual reset which will be effective from the date of appointment post one year from the date of appointment?

Virendra Mhaiskar: No I think it is related to the financial year.

Chitresh: So on 1st of March it will be reset to 309 crores plus 5% am I correct?

Virendra Mhaiskar: 1st April 2013.

Chitresh: Okay thanks a lot that would be it for my side.

Moderator: Thank you sir. We have the next question from Manish Kumar from SBI Cap securities.

Manish Kumar: My questions have been answered.

Moderator: Thank you sir. We have our next question from Sneha Poddar from Share khan, Ms. Sneha please go ahead.

Sneha Poddar: Good morning sir. My question is that a near presentation we have seen that a couple of projects which are debt free now I mean in those projects the debt has been actually raised so have those projects being securitized or if you can throw some light on it?

Virendra Mhaiskar: We have given some unsecured loans from the holding company there is no bank loan on that company.

Sneha Poddar: So those unsecured kind of loans would be repaid in what time?

Virendra Mhaiskar: Those are interest free unsecured loans given by holding company.

Sneha Poddar: Okay fine sir. Can I get the financials for the new project that you have acquired for FY 12 what was the internal loss which the project made?

Virendra Mhaiskar: Yes we can do that. And we will mail the details separately to you.

Sneha Poddar: Sure sir thanks a lot.

Moderator: Thank you ma'am. We have the next question from Mr. Vibhor from MF Global, Mr. Vibhor please go ahead.

Vibhor: Good morning sir my question is again on the question that was just raised we see that six of these PW north project which were initially debt sick in last quarter they have around 300 crores of debt at the end of this quarter so what was the reason that the debt was taken for these projects?

Virendra Mhaiskar: This is as I have already narrated it is unsecured loan given by the holding company to these projects interest free unsecured loan is given by the holding company.

Vibhor: So what was the reason that is debt was given to the SPV's?

Virendra Mhaiskar: To have proper fund management, the funds were routed through SPV's.

Vibhor: Okay so basically the SPV's were not paying interest on that loan.

Virendra Mhaiskar: No.

Vibhor: The interest is paid by the parent company which is holding that.

Virendra Mhaiskar: Yes.

Vibhor: Okay. And sir, my second question is can you tell what is the current traffic in terms of PCUs on the acquired asset?

Virendra Mhaiskar: As I have stated earlier the revenues are in the range of around 54 crores for FY12, PCU count we will not be able to give you at this point.

Vibhor: But the tolling policy for the highway is as per the other or NHAI project basis in terms of the tariff increase so is it just a WPI linked inflation hike or do we have a 3%plus 50% of WPI kind of a mechanism?

Virendra Mhaiskar: Increase in toll revenue is WPI linked accordingly whatever the WPI will be there accordingly debt will increase.

Vibhor: Okay, thank you sir.

Moderator: Thank you sir. We have our next question from Tanav from Religare Asset, please go ahead.

Tanav: Good morning sir. Just one clarification question this Bharuch-Surat, was there a potential toll revision in July 2011 out of Bharuch-Surat sir?

Virendra Mhaiskar: Yes, there will be a rate revision in July again.

Tanav: No-no but July 2011 did it happen sir?

Virendra Mhaiskar: Yes.

Tanav: It was about 10.5%, 11%?

Virendra Mhaiskar: No around 8% odd.

Tanav: Because if assumes this 6.5%- 7% traffic increase does it mean that traffic also has gone down on Bharuch-Surat sir?

Virendra Mhaiskar: Yes, as I explained earlier, the diversion of traffic affected both the projects.

Tanav: Okay. Can I have the number on the acquired asset what will be the debt outstanding as on FY12 for MVR?

Virendra Mhaiskar: The MVR outstanding debt is in the range of 237 crores.

Tanav: And any amount repayable over the next 2-3 years in MVR?

Virendra Mhaikar: Not very significant as amount only I think, 4-5 crores is repayable in next two years.

Tanav: Thank you sir and all the best.

Moderator: Thank you sir. We have the next question from Sujit Jain from Asian Market, please go ahead.

Sujit Jain: Sir, on this new asset that we have acquired, what was the beginning revenue per day, like it is 16 lakh per day now started in March 2009 so what could have been that figure?

Virendra Mhaikar: It actually started into tranches, one part was started first and then the additional length which was added to the contract started later. So the earlier revenues would not be giving you the right picture in terms of the ramp up of the revenue. So this full year was the first year when the full year on both the segments of the projects saw the revenues coming in which was to the tune of 54 crores.

Sujit Jain: Okay and what are the projections that we have done for this particular asset when we say 20% IRR so projection in terms of traffic growth?

Virendra Mhaikar: For the purpose of acquisition, we have used around 7% traffic growth for first 6-7 years and then it is slowing down to 6% and inflation at around 6%-6.5% and add these parameters the discounting at 21% gives the valuation of 128 crores which would be paid to the existing promoters and the shareholders.

Sujit Jain: Okay and just one housekeeping question is on the minority interest the loss in the quarter book of 30 crores, is it on the account of Surat-Dahisar project?

Virendra Mhaikar: Yes, it is on account of Surat-Dahisar because now Surat-Dahisar we have started amortization. There was loss to that extent there is negative minority interest.

Sujit Jain: Okay and on the consol level the total debt that we have how much is the ECB portion and which project we have taken that loan for?

Anil Yadav: ECB portion is 600 crores; we have taken 300 crore for Tumkur-Chitradurga project, 150 crore for Jaipur-Deoli and 150 crore for Amritsar-Pathankot.

Sujit Jain: Has it been hedged and what is the net interest cost to us if it is hedged?

Anil Yadav: None of them are hedged, the plain cost is close to 4.25% plus LIBOR, so interest rate is close to 5%.

Sujit Jain: So what rupee-dollar rates this corresponds to particular ECB?

Anil Yadav: Close to 48.

Sujit Jain: Okay and one question is on the other income and the standalone 80 crores, if you could explain that?

Virendra Mhaikar: See, other income on standalone company explained by the fixed deposit what we have kept in standalone company.

Sujit Jain: Okay and just one last question is on the construction revenues for the quarter? What is the exact amount and the current operation I mean, the current underway projects, each project how much it has contributed the Tumkur-Chitradurga, Talegaon-Amravati, Jaipur-Deoli and Amritsar-Pathankot?

Anil Yadav: Total contribution from construction was 603 crores without other income. Talegaon-Amravati has contributed 130, Jaipur-Deoli 235 crores, Amritsar-Pathankot 130 and Tumkur-Chitradurga 120.

Sujit Jain: Okay, that's it from my side, thanks.

Moderator: Thank you sir. We have our next question from Mr. Rohit from Edelweiss, please go ahead.

Rohit: Hi sir. Just one question, can I have some financial details for the MRM please on the basis of debt, cash and networking capital?

Anil Yadav: MRM debt will be close to 400 crores and net worth of MRM of the company is close to 600 crores and cash balance of the company is close to 100 crores.

Rohit: Sir, cash how much is?

Anil Yadav: 100 crores.

Rohit: Sir, net working capital?

Virendra Mhaiskar: Net working capital that I will work out and give it back to you.

Rohit: Okay, thank you sir.

Moderator: Thank you sir. We have our next question from Mr. Nitin Arora from Angel Broking, please go ahead.

Nitin Arora: Good morning sir. Firstly looking at the construction margins for the 4th Quarter we have done 30% so any reason for that for such high margins?

Virendra Mhaiskar: If you will remove the other income the margin is close to 23% to 24% and it will compare with the trailing quarter it will more or less same line in the other quarters also. During this quarter the Tumkur-Chitradurga project was also under execution where earthwork and another work was going on so for earthwork job we do not require any major materials and other things accordingly margins are little bit improved because of the earthwork and other things.

Nitin Arora: Okay and sir going ahead once you start executing Ahmadabad-Vadodara project, do we expect the construction margins to be in the range of 25% to 28%?

Virendra Mhaiskar: The margins will be in the same range.

Nitin Arora: Okay and secondly sir can you please share the equity commitment for the construction projects project twice?

Virendra Mhaiskar: That we can mail separately to you.

Nitin Arora: Okay and sir lastly, regarding this acquisition, the press release says that it will happen in three different tranches and we still need to get permission from NHAI for the balance 26% stake so by when that will happens?

Virendra Mhaiskar: We expect the transaction to be completed in three months' time.

Nitin Arora: Okay and so basically we will get the 26% in three months, right?

Virendra Mhaiskar: We will be applying to NHAI and is subject to approval yes, we expect it to complete in three months' time.

Nitin Arora: Okay sir, thanks a lot.

Moderator: Thank you sir. We have a question from Mr. Sujit Jain from Asian Market. Mr. Jain, please go ahead.

Sujit Jain: In terms of the four projects which are underway what is the level of completion in terms of percentage for example so far?

Virendra Mhaiskar: We believe that all the five projects which are now getting into the implementation mode will be completed in the scheduled time of completion slated for those contracts. So we expect Jaipur-Tonk-Deoli and Talegaon-Amravati to become operational in this financial year probably towards the end of the financial year and Amritsar-Pathankot and Tumkur-Chitradurga happening in the next financial year.

Sujit Jain: Okay, thanks.

Moderator: Thank you sir. We have our next question from Mr. Krishnendu from Quantum AMC, please go ahead.

Krishnendu: Thanks for taking my question. Just want clarification this 53 crores which you said, this is after sharing or before sharing that 22.4%?

Virendra Mhaiskar: No, this is before revenue share.

Krishnendu: Okay and just want to understand what is the thought process in going for this bid in the sense location wise or what is the I guess the traffic growth which you said 6 to 7% and inflation is 6.5 but what other factors could have determine the fact that you actually want to go for this?

Virendra Mhaiskar: Put it very simply I would say that we are looking for opportunity which gives us a good diverse areas where we have less presence number one. Number two, we look at the financial of the company and if it makes definitive IRR accretion of 20 to 21% only then we look at those opportunities. What happens is in most of the cases the valuation expectation from the selling promoter is much higher and the deal doesn't happen so if all of those parameters match and we are able to make a 20%-21% return then only we will look at these kind of things which happened in this case as a result of which we were able to go ahead and acquire these assets.

Krishnendu: Sir, in the case of funding of these projects what will you be doing if the internal or probably you will take some debt more on your books?

Virendra Mhaiskar: No, I don't think we'll need further debt for this acquisition.

Krishnendu: Okay and any more projects which you have being on the talks I know with you?

Virendra Mhaiskar: We keep on evaluating if there is anything concrete we will inform accordingly.

Krishnendu: Okay and last question, the discounting rate which you assumed was 21%, did I hear this correctly?

Virendra Mhaiskar: Yes, the 128 crores acquisition cost has been worked out with 21% discounting.

Krishnendu: Thank you very much.

Moderator: Thank you sir. We have our next question from Sheena from (not audible) Price, please go ahead.

Sheena: Regarding the other income so just want to understand is it cash other income like what is the source?

Virendra Mhaiskar: Pardon, I did not get the question?

Sheena 2: I just want to understand the other income figure seems quite high so I want to understand the source and is it cash?

Anil Yadav: Yes. Other income is higher because we have FD and against the FD we have taken OD facility and we utilized as and when funds are required.

Sheena: So it is like a short-term borrowing and placed in a fixed deposit is it like some..?

Anil Yadav: To certain extent yes.

Sheena: And what is the rate that you're getting like the spread you are making on this is?

Anil Yadav: The FDs are kept close to 10% and short-term borrowings are 11% and 11.5%.

Sheena: So you're effective interest cost the spread is negative, I didn't quite get it?

Anil Yadav: Yes, but normally we don't require short-term to be used throughout the fifth period to accordingly we keep that fund as FD because if you want to prepay there will be pre-payment charges, accordingly we keep an FD and we utilize based on the requirement.

Virendra Mhaiskar: Having an over draft facility.

Sheena: Okay and I just want to understand on the interest cost part of the portfolio the total debt how much is floating and how much is fixed?

Virendra Mhaiskar: Almost 40% is fixed and the balance would be up for review after one year when the construction on these projects gets over.

Sheena: Okay so the fixed is basically the projects under constructions?

Virendra Mhaiskar: Bombay-Pune is also fixed for the balance tenure of the project.

Sheena: Okay, so including Bombay-Pune and fixed is about 40% fixed?

Virendra Mhaiskar: Yeah, I can say that Bombay-Pune is having the fixed interest rates of the balanced tenure of the project. All the projects under construction have a fixed interest rate till end of the completion of construction and the other is for the projects where there is debt they are having 2 to 3 years of reset period.

Sheenav: It is two to three years rest not a one-year reset?

Virendra Mhaiskar: Some of them have one year also but most of them two years.

Sheena: Okay, thank you.

Moderator: We have a next question from Mr. Denial Savala from Keynote Capital, please go ahead.

Denial: Good afternoon sir. The question is regarding the Tumkur-Chitradurga project, how much **total** revenue is collected per day?

Virendra Mhaiskar: We are collecting in the range of around 43-44 lakhs per day.

Denial: And sir is it consolidated in your results because I have never seen revenue from Tumkur-Chitradurga project wise?

Virendra Mhaiskar: No we have 140 crores premium outgo on the project so the net revenue is reported as the top price.

Denial: Okay one more question like percentage completed work on each of the project like till date?

Virendra Mhaiskar: We will share that.

Anil Yadav: Construction break up Talegaon-Amravati 130 crores...

Denial: I want percentage completed work till date like how much has been completed till date on all your projects?

Anil Yadav: Jaipur-Deoli close to 55% till March, Talegaon-Amravati 55%, Amritsar-Pathankot closed to 40% and Tumkur-Chitradurga 30%.

Denial: Okay so that means rest 45% of Jaipur and Talegaon would be done in this year, right?

Virendra Mhaiskar: Yes.

Denial: Thanks a lot.

Moderator: Thank you sir. We have the next question from Ajit from Emkay Global, please go ahead.

Ajit: Just wanted your take on the project that you have acquired let us say if hypothetically let us say that traffic falls by a percentage points from what you have assumed what would be the IRR from your project?

Virendra Mhaskar: Good question Ajit. We had done the sensitivity on this as I explained on a 7% and 6% growth rate and 6.3% inflation the evaluation works out to 128 crores giving an IRR of 21% and if the sensitivity is carried out where we reduce the traffic growth to 6% flat for the entire balance concession and inflation we keep it to 6% and 5% then the IRR expectation comes down to 17.6% for 128 crores.

Ajit: So you are saying that for a percentage point you will lose about 350 bps on IRR?

Virendra Mhaskar: That is correct if the traffic is considered to be on a lower end then still it will give you IRR closed 17.5%.

Ajit: And just wanted to understand once you've sort of apply for this project for IIFCL I think after a three-year completion this would be eligible, right?

Virendra Mhaskar: No it is straightaway eligible for refinancing.

Ajit: Okay so in that case what will be the door-to-door tenure of that refinance?

Virendra Mhaskar: See in the present scheme of things IIFCL is able to refinance up to 50% of the investing debt and that scheme we will give you around 10.6% interest rate so as soon as we are into the project then we will apply to IIFCL for refinancing this.

Ajit: But tenure of the debt?

Virendra Mhaskar: It will be matching with the existing debt profile.

Ajit: So both the bank debt and the IIFCL debt will retire on the same time?

Virendra Mhaskar: Yes.

Ajit: And any light on what would be the refinance cost for the bank loan would it be close to what you did for Ahmadabad-Vadodra or will it be less?

Virendra Mhaskar: We believe it should be little less.

Ajit: Okay that is it from my side.

Virendra Mhaskar: Thank you.

Moderator: Thank you sir. We have the next question from Rahul Medkar from MSFL, please go ahead.

Rahul Medkar: Thank you for taking my question sir. I'm sorry I missed out on the revenue sharing with NHAI with respect to the newly acquired project can you please explain the same?

Virendra Mhaskar: Yes there is a negative grant of 100 crores which is payable over five years starting FY14 spread over five years and the revenue share that we have to give is around is 22.4% flat on the gross revenue.

Rahul Medkar: Okay that would continue for the entire concession period?

Virendra Mhaiskar: That is right. And the revenue of 54 crores which we shared for FY12 is the gross revenue.

Rahul Medkar: Okay and sir with respect to the net debt you mentioned, the breakup of the debt there is some subordinate debt well as unsecured I believe these was put in by the original promoters or MVR, so would that be repaid to MVR at the conclusion of this transaction?

Virendra Mhaiskar : No it is actually 230 crores that was actually as on date of the COD it was replaced by debt from IDFC and IFCI and now presently it is around 230 crores. This is from the institution and the banks.

Rahul Medkar: So there is no subordinate debt or unsecured debt from the promoters now?

Virendra Mhaiskar : No.

Rahul Medkar: Okay and what would be the principal repayment schedule for FY13 and FY14 from this debt?

Virendra Mhaiskar : I think for the next couple of years it would be around 5 to 7 crores.

Rahul Medkar: Could you also update us on the Kohlapur project when do you expect the toll to start on this project?

Virendra Mhaiskar: There is a committee which is yet to submit a report to the government so that we can start the tolling that we expect to happen in the end of this month so thereafter we expect any time the tolling to come in.

Rahul Medkar: And what are the terms of reference for this committee?

Virendra Mhaiskar: The terms for reference of this committee is to certify 95% completion of the work.

Rahul Medkar: Okay and you expect this by the month and itself?

Virendra Mhaiskar: That s right.

Rahul Medkar: Thank you sir.

Moderator: Thank you sir. We have the next question from Mr. Chopra from Shanti Asset Management. Mr. Chopra, please go ahead.

Chopra: Thank you for taking my question. I have two questions. One is I missed the rationale for very nice margins in the construction business. Could you please explain that?

Virendra Mhaiskar: The rationale is basically that we have been able to sustain the margins, is how I will put it. The project structure and the pricing was something which was decided two years back and there has been no change in the pricing or in the structure of pricing. So it is primarily because of better project coordination is what we can say we have been able to sustain the margins.

Chopra: I think there was a statement said that if price of something goes up, **(Inaudible) 50.58** will do down. I did not get, what are the...

Virendra Mhaiskar: What we were trying to say is we have a built-in escalation provision for the contract. So if there is some extraordinary spike beyond the escalation provision that we have in the contract that can lead to a suppression of the margin.

Chopra: But this range of margins should be expected going ahead as well without any worries?

Virendra Mhaiskar: If the normal inflation continues to be in place then I think that inflation in fact is already factored in the escalation provided in the contract.

Chopra: And if prices of certain inputs go down, do you get the benefits for that?

Virendra Mhaiskar: Yes.

Chopra: The second question is more related to GDP growth and traffic, you have been in the business for a nice period of time, I guess you would be the best place to give us a sense of, how do you see traffic growth vis-à-vis linkage to the GDP growth. Is there a high correlation or how has been your experience?

Virendra Mhaiskar: Considering the breakup of GDP in India, where almost 50% of them would be from services, we can fairly assume that 0.8 to 0.9% of real GDP can be presumed to be a number by which one can expect the traffic growth to be.

Chopra: So you are now expecting slower growth on GDP that would affect, would that actually be lower than expectations built-in to your projects?

Virendra Mhaiskar: Presumably not because we will have to look at the GDP growth of those specific states as well. So if you look at the portfolio of the company you will find that it is predominantly in the western half of the country and the states particularly having contributing much higher number to the overall GDP growth of the country.

Chopra: That is it from me, thank you very much.

Moderator: Thank you sir. We have our next question from Sharavan Shah from Asian Market Securities. Mr. Sharavan, please go ahead.

Sharavan Shah: Thank you. Sir, is there any specific reason regarding Talegaon-Amravati for this quarter the execution is low compared to the 3rd Quarter?

Virendra Mhaiskar: No, no specific reason. It is just the availability of size and the combination of structure progress and the road progress, nothing particular about it.

Sharavan Shah: That is it, thank you.

Moderator: Thank you sir. We have our next question from Navin Jain from JM Financials. Mr. Jain, please go ahead.

Navin Jain: Thanks, good morning, sir. My question is basically on the tariff side that you have taken in various projects during the year. Could you just quickly run us through what was the exact hike taken in tariffs in various projects at least the major ones?

Virendra Mhaiskar: Bombay-Pune saw an 18% tariff growth from 1st April, 2011 and Surat-Dahisar and Baruch-Surat saw a rise of around 8%.

Navin Jain: I thought it was close to 10%?

Virendra Mhaiskar: Surat-Dahisar is close to 10%.

Navin Jain: Surat-Dahisar is close to 10% and Baruch-Surat is close to 8.5%?

Virendra Mhaiskar: Yes, kind of.

Navin Jain: And another other project?

Virendra Mhaiskar: No.

Navin Jain: What is the amortization that we expect to provide on Surat-Dahisar project next year?

Anil Yadav: As of now for full quarter we have provided amortization close to 36 crores and next year it will increase by close to 5% to 7%.

Navin Jain: So annualize this 36 crores and increase of 5% to 7% over that?

Anil Yadav: Yes.

Navin Jain: Just one question on the acquisition acquired project. The revenue share of the negative grant that we have on this project, was there any negative grant in the earlier phase also, let us say, at the time of awarding of the project or during the construction period or this is how the project was structured where negative grant was to be paid during this period?

Virendra Mhaiskar: The structure was this, negative grant to be effective from 2014 onwards for five years and that will be close to 100 crores.

Navin Jain: So there was no negative grant at the beginning of the project?

Virendra Mhaiskar: No.

Navin Jain: This is a very unique project that NHAI had or there is more such project that we were given at that point in time?

Virendra Mhaiskar: You are very right it is unique, that is why we bought it.

Navin Jain: Thanks a lot.

Moderator: Thank you sir. We have our next question from Prem Khurana from B&K Securities. Mr. Khurana, please go ahead.

Prem Khurana: I have a couple of questions, first one is on Kolhapur project and I understand we have some real estate add to it, so how do we intend to commercially exploit real estate part of Kolhapur?

Dhananjay Joshi: Actually as a part of this concession we have been awarded this particular plot of land and we are coming out with a hotel there. We have tied up with Indian Hotels and we are coming out with Gateway hotel on that particular plot of land. So we have already commenced the construction and it is expected to complete within three years' of time.

Prem Khurana: And why are the terms of understanding at premium, will it be management agreement or some kind of revenue share arrangement?

Virendra Mhaikar: Actually it is the best and basically it will be owned by us and operated by the... it is a management contract.

Prem Khurana: Second question pertains to our recent acquisition; just want to understand how confident are you of achieving 21% IRR given the fact that this entity suffered a loss around 34 crores in FY10 and around 30 crores in FY11. So has this situation changed significantly on the financial part?

Virendra Mhaikar: This rationale for 21% is based on certain variables. As I explained the variable considered is 7% growth slowing down to 6%, inflation of 6-6.5% and the present interest rate of 13% going down to 11.75 over the next two years. We believe that at these parameters the IRR should work out to around 21%. There is hope to improve the IRR by reducing the interest costs further and as I said in case if the traffic growth does not happen to what we have expected to be as 7% and 6% and say falls to 6% flat for the entire of the concession period still the IRR would drop to around 17.6% odd, so that is the broad range of IRR we see for this project.

Anil Yadav: Other issue regarding loss, the company has accounted close to 34 to 35 crores of deferred tax liability; the same is due to error in accounting of deferred tax and providing amortisation on SLM basis which led to book loss but not cash loss.

Prem Khurana: That is it from my side, thank you.

Moderator: Thank you sir. We have our next question from Mr. Krishnendu from Quantum AMC. Mr. Krishnendu, please go ahead.

Krishnendu: Just a clarification on the new project which you acquired, the tolling it is based on the national highway fees of which rule?

Virendra Mhaikar: This is National Highway number 7.

Krishnendu: National highway tolling rule will be which rule, 208 rule or is it 10 rule?

Virendra Mhaikar: It was 8.

Krishnendu: Thank you.

Moderator: Thank you sir. We have our next question from Mr. Ankush Mahajan. Mr. Ankush, please go ahead.

Ankush Mahajan: Sir, thank you for taking my question. Can you tell me what was the exact reason that decrease in traffic growth in Surat-Dahisar? Sorry for that I missed the initial part.

Virendra Mhaikar: Surat-Dahisar region again as we have explained in the last concall also main reason is that the traffic ban on Thane-Ghodbunder road because of the construction of five major flyover on Thane-Ghodbunder, this is traffic ban morning 8 to night 10.

Ankush Mahajan: What was the construction period that we are expecting, 1 year, 2 year?

Virendra Mhaiskar: Sir, we are expecting one more year to get completed all those flyovers.

Ankush Mahajan: Thank you, sir; this is it from my side.

Moderator: Thank you sir. We have our next question from Chavi Agarwal from Ambit Capital. Chavi, please go ahead.

Chavi Agarwal: Good morning sir. I have two questions; one is that at the end of FY12 in your consolidated debt what percentage is ECB financing? You have taken external commercial borrowings financing, I wanted to know the difference between the rate financial cost, the total financial cost on ECB as well as the loan that you get in...?

Anil Yadav: ECB cost is close to 5% and Rupee cost is 11.25%.

Chavi Agarwal: But ECB including the hedging cost?

Anil Yadav: We have not hedging ECB so far.

Chavi Agarwal: But are you expecting or you would have some idea as to what would be the ECB hedging cost because what we hear is it is about 5% to 6% which works out to be similar to what there is no enough savings in terms of net financial cost? Is that true?

Anil Yadav: As of now what cost you are sharing, that is the current cost because there is volatility in the Dollar. But once the Dollar will get stabilized I do not think hedging cost will not be more than 3%.

Chavi Agarwal: Second question is what is the maintenance CAPEX that you are projecting for FY13 across all your route project portfolios?

Virendra Mhaiskar: That would be a difficult number to share at this point in time. But one thing I can say is the EBITDA margins for the BOT projects ranged in the range of around 85% to 90% and revenue growth on this present year's toll revenue what we expect is in the range of 10% to 12%.

Chavi Agarwal: Are you planning any major CAPEX or major maintenance CAPEX in any particular road like the one time CAPEX that we have once in five years or once in three years?

Virendra Mhaiskar: The EBITDA margin of 85% to 90% it factors the major maintenance as well.

Chavi Agarwal: In your construction revenues other than the core construction business is there any supervisory fee of the life cycle project fee which you charge from your subsidiary?

Virendra Mhaiskar: No, we do not do that.

Chavi Agarwal: Its pure construction?

Virendra Mhaiskar: That is correct.

Chavi Agarwal: Thank you sir that is it from my side.

Moderator: Thank you ma'am. We have our next question from Vinay Dohit from ICICI Prudential. Mr. Vinay, please go ahead.

Vinay Dohit: Good morning, sir. Is there any project which is pending financial closure?

Virendra Mhaiskar: There is no project pending financial closure.

Vinay Dohit: Just on bidding side, given that on a new project you can make construction margin, construction revenue as well, if you were to chose should not you be bidding new project rather than buying some existing projects because you always have better profitability in project you bid and construction?

Virendra Mhaiskar: See, it is not that this over that or this inorganic vis-à-vis organic. We keep on evaluating both opportunities. We will keep on bidding for the new projects as well and if any inorganic opportunity comes up which gives definitely will improve IRR, then we will look at that also. So it is not restrictive strategy that we are looking at.

Vinay Dohit: So can we say that in the current scenario you are more confident of making more money in buying new projects rather than waiting and bidding a project?

Virendra Mhaiskar: No, as I said it will be a mixed strategy, we will continue to bid on new projects also and we are quite confident that we will be able to pick up projects during this present year which will add to our order book visibility as well.

Vinay Dohit: Thank you.

Moderator: Thank you sir. We have our next question from Shalin Salodi from ICICI Securities. Mr. Shalin, please go ahead.

Shalin Salodi: Just a small clarification which I required. The BOT concessions which were given by NHAI prior to B.K. Chaturvedi Report came out, provision was there that the promoter has to hold 26% till the concession period gets over so given the fact that his concession was awarded prior to the B.K.C. report, does this also come under the same purview?

Virendra Mhaiskar: You are very right, and that is the reason why we said we will seek NHAI approval. But if you look at the B.K. Chaturvedi Panel Report, it talks about applying those norms retrospectively also. I think this is one good provision on retrospective application that the government has kept. So we believe that there should not be a problem in approving this transfer of shares by NHAI.

Shalin Salodi: Okay sir that is it from my side, thank you.

Moderator: Thank you sir. We have our last question from Mr. Krishnendu from Quantum AMC. Mr. Krishnendu, please go ahead.

Krishnendu: Sir, just for my clarification this Ahmadabad-Vadodara project on the NH-8, will start practically operations from mid of FY16?

Virendra Mhaiskar: I think yes, it is a three-year construction period so if we start from say 1st of July then three years from then so it would be end of June 2015.

Krishnendu: After this quarter you will start collecting tolls from Dahisar?

Virendra Mhaiskar: That is right.

Krishnendu: Thank you.

Moderator: Thank you sir.

Virendra Mhaiskar: I believe the questions are over. So I would thank all of you for participating on this call and look forward to your renewed support in the endeavors of the company and once again thanking all of you, we would like to conclude this call.

Moderator: Thank you, sir. Ladies and gentlemen, this concludes your conference for today, we thank you for your participation and for using Tata Docomo Conferencing Services. You may please disconnect your lines now. Thank you and have a great day.