



IRB Infrastructure Developers Limited
Q4 & Full FY '13-14 Results Conference Call
May 22, 2014

Moderator: Good afternoon ladies and gentlemen. Welcome to the IRB Infrastructure Developers Conference Call hosted by the company for the Audited Financial Results for The Financial Year 2014.

We have with us today Mr. Anil Yadav – Group Chief Financial Officer, Mr. Dhananjay Joshi – CEO, Realty Airport, and Head of Corporate (Finance), Madhav Kade – Head of Corporate Strategy Planning, and Mehul Patel – Group Company Secretary on this call. I now request Mr. Dhananjay Joshi to give you an overview of the significant development during the quarter. Over to you sir.

Dhananjay Joshi: Good Afternoon to all of you. At a glance, this year has been an important year for the company in terms of execution of projects and operations as well. On Execution front, we have 6 projects under implementation during the year and we could complete substantial work on most of these projects. Construction on Ahmedabad-Vadodara project is completed to the extent of 62%, and this project has largely contributed to the construction revenue in last quarter. Construction on Goa Kundapur project have commenced in March, other projects like Tumkur-Chitradurga, Pathankot-Amritsar, Jaipur-Deoli and Talegaon-Amravati Project already stand substantially completed and collectively contributed around 13% to the construction revenue. Construction revenue has remained same level as in Q3 financial year '14. Construction segment operating EBITDA margin remains at 27% during the quarter.

On Operation front, traffic growth for financial year 2014 continues to remain weak in line with the level of economic activities; however due to tariff rates which are linked to Wholesale Price Index and commencement of toll on new projects, Toll revenue has increased by around 13% in comparison to the corresponding year. Average cost of debt during the year remains at close to 11% and net debt-to-equity stands at 2.69:1 in line with our dividend policy, we have already paid 40% dividend on paid up capital last year.

On the New Projects front, we have signed 'Concession Agreement' with NHAI for Solapur-Yedeshi Four-Laning project in state of Maharashtra on VGF basis and the project will be financially closed in next 2 to 3 months time. Estimated project cost is Rs.1,500 crores. Besides, we have also received Letter of Award of the Yedeshi-Aurangabad Four-Laning project in Maharashtra. We will receive Rs.558 crores as VGF, and a construction period is 26-years. Estimated project cost is Rs. 3,200 crores. With these two projects, entire length from Aurangabad to Solapur of around 300 Kms will be developed by the company. We have also received Letter of Award for Kaithal-Rajasthan Border Four-Laning Road project in Haryana. We will receive VGF of Rs.234 crores from NHAI and a concession period is 27-years. Estimated project cost is Rs.2,300 crores; this project will expand the company's base in seventh state, that is Haryana and will aid the company geographic diversification of projects. All these new wins and existing project reflects into construction order book of Rs.10,000 crores to be executed in next 3 to 4-years. We have participated in the annual pre-qualification process of NHAI and have been declared qualified to bid for single projects on BOT worth up to Rs.5000 crores. We stand pre-qualified to bid for approximately Rs.33,000 crores worth of road projects. As and when the projects will come for bidding, we will evaluate and bid for them. Please note that due to sore throat, Mr. Mhaiskar is not on the call today. Now, I request Mr. Anil Yadav to give an overview of the financial performance of the company. Over to Anil.

Anil D. Yadav:

Thank you, sir. Financial Analysis -- I will present the analysis of FY-'14 versus FY-'13. Total consolidated income for FY-'14 has gone up to Rs.3,853 crores from Rs.3,822 crores in FY-'13 registering growth of 1%. Consolidated construction revenue in FY-'14 has gone down to Rs.2,658 crores from Rs.2,734 crores in FY-'13 a marginal decline of 3%. Consolidated Toll revenue in FY-'14 increased to Rs.1,195 crores from Rs.1,088 crores for FY-'13 registering a growth of 10%. EBITDA for FY-'14 has gone up to Rs.1,875 crores from Rs.1,768 crores in FY-'13, registering growth of 6%. Interest cost for FY-'14 has gone up to Rs.756 crores from Rs.620 crores in FY-'13 resulting an increase of 22%, mainly because of increase in interest cost for funding of the project due to loan drawn in Tumkur-Chitradurga project and project like Talegaon-Amravati, Jaipur-Deoli and Kolhapur become operational during the year. Depreciation for FY-'14 has also gone up to Rs.477 crores from Rs.422 crores in FY-'13 resulting an increase of 8%, as a result PBT for FY-'14 has gone down to Rs.642 crores from Rs.707 crores in FY-'13, a decline of 9% due to higher interest cost and projects like Jaipur-Deoli, Talegaon-Amravati and Kolhapur

became operational during the year. PAT has also gone down to Rs.460 crores from Rs.554 crores, a decline of 17%. Decline in PAT is higher due to one-time tax credit impact of Rs.34 crores approx on acquisition of MVR last year. The earnings per share basic and diluted is 13.81 for FY-'14. Now, I have finished by analysis, we are open for question-and-answer session.

Moderator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. The first question is from the line of Dayank Patel from IL&FL Broking. Please go ahead.

Dayank Patel: My first question is on the IRR for the last couple of projects after Solapur-Yadeshi it was mentioned on the earlier call that you all have bid at 16-17% IRR considering the competitive scenario at what IRR have you bid in the last couple of projects?

Dhananjay Joshi: Sir, considering the today's traffic we have bidded these three projects on close to 17% equity IRR.

Dayank Patel: Considering that for the last Rajasthan-Kaithal project since there were no other bidders would it have been possible to seek higher grant where the percentage of project cost is lower than say the Yedeshi-Aurangabad project?

Dhananjay Joshi: Considering e-bidding we do not know whether other players are submitting their bid or not, and earlier also we have submitted one bid, and there also we were a single bidder, and in second bid also we were only the single bidder.

Dayank Patel: My second question is on the timing of bidding for these projects. You probably may have been conservative going ahead and taking up these projects. Was it uncertainty related to how much EPC BOT share will be in the coming year, or was it the election uncertainty, did any of these play a part or bidding going ahead and bidding for these projects when competition was low?

Dhananjay Joshi: Main reason for bidding for this project that competition was very low, and the two projects are in the state of Maharashtra, one in Haryana, and the execution is not a issue and considering 17-18% IRR on low traffic base we thought it will be wise to bid these projects and

accordingly we have bidden for these projects, not considering the election outcome or any other kind of thing.

Dayank Patel: Right sir broadly you could give a guidance on when the appointed dates are expected for all these three projects?

Dhananjay Joshi: Sir we are expecting appointed date for Solapur-Yedeshi, which will take by October and thereafter other two projects will be the 4th quarter of this year.

Dayank Patel: Broadly if you could tell us how was the land acquisition preparedness of NHAI for these three projects?

Dhananjay Joshi: In these three projects environment clearances is already in place and land is almost 90% already acquired.

Dayank Patel: Then we could effectively have a financial closure even earlier than the fourth quarter?

Dhananjay Joshi: Yes.

Moderator: Thank you very much. The next question is from the line of Amit Sinha from Macquarie. Please go ahead.

Amit Sinha: Sir my first question is now that you have won three large projects in the last 5-months. What is the company's strategy going forward for all the NHAI awards coming in FY-'15?

Dhananjay Joshi: Based on my knowledge in next 3-months I think there is no project due for bidding from NHAI side and now the new government starting the bidding activity will take some time, because with respect to the project which will be now cancelled and thereafter re-bid that also will take some time. And as you are aware that based on NHAI policy we have three projects which is pending for the financial closure, we cannot bid for the fourth project, and Solapur-Yedeshi will take another 2-2.5 months' time to achieve the financial closure. Once the financial closure for Solapur-Yedeshi is achieved, then definitely some good projects will come for bidding, then definitely we can try to bid those projects.

Amit Sinha: But do you think our internal cash flow generation will support another large project even if it comes for award in let us say the end of this year FY-'15?

- Dhananjay Joshi:** If it will be end of this year then definitely our internal approval can support that, but if it will be like 3-months from now then definitely we have to look at when the appointed date is issued and on that basis basically we can decide for the further strategy.
- Amit Sinha:** Secondly sir, on the traffic growth of especially the two projects -- Thane Ghodbunder and Surat-Bharuch -- actually the traffic growth was pretty weak this quarter, any particular reason?
- Dhananjay Joshi:** Thane-Ghodbunder as you are aware that Vasai Creek one flyover which is approximately 25-30-years old, there the flyover has developed a crack in the creek itself, so there the one flyover is closed. Heavy traffic is diverted through Wada, accordingly those traffic numbers are not reflected in Thane-Ghodbunder and Bharuch-Surat do not have any specific reason I think those are more or less with the economic activity.
- Amit Sinha:** Lastly on the CBI case, actually there are couple of articles in media, and that the state government has to submit its report on that case and finally it will be handed over to CBI case. Can you please elaborate on that, any further insight in the case?
- Dhananjay Joshi:** Sir, we have not heard anything from CBI in last one and a half years or so and based on our understanding and knowledge CBI... if you will recollect in 2012 they have visited our Pune office also and there they have taken all the land record and other things. Since they are only investigating, technical permission they are asking from the court.
- Moderator:** Thank you very much. The next question is from the line of Nitin Arora from Emkay Global. Please go ahead.
- Nitin Arora:** Sir, can you give us a breakup in terms of the equity requirement project wise you are left?
- Dhananjay Joshi:** As far as equity requirement is concerned this project has total balance equity is left, that is if you look at Ahmedabad-Vadodara balance equity left is Rs.550 crores, Goa-Kundapur Rs.522 crores, Solapur-Yedeshi Rs.391 crores, Yedeshi-Aurangabad Rs.812 crores and Kaithal-Rajasthan close to Rs.600 crores.
- Nitin Arora:** Sir, in terms of the quarterly presentation in the BOT the depreciation has gone higher on a sequential basis, however the interest cost has declined. So can you throw some light on this?

Dhananjay Joshi: Interest cost certain resets were due after the September so that might have marginally gone down because of the reset and BOT amortization is totally linked with the revenue. Once on a yearly basis amortization we link it with the actual revenue, those are based on the actual revenue itself.

Nitin Arora: That is why our average cost of borrowing has come down because earlier I think we were saying it was 11.5% and it has come to 11% now?

Dhananjay Joshi: I think 11.25% now it is close to 11%.

Nitin Arora: Sir in terms of traffic, know we saw Surat-Dahisar picking up in last two quarters and then again this time it has come a little down or more or less flattish, any particular reason sir, both on Bharuch-Surat and Surat-Dahisar anything where you want to highlight that where actually the mismatch is happening?

Dhananjay Joshi: Sir this quarter if you will go on the number of days this quarter was two days short, because of February, so last quarter we have two days additional collection. So then definitely if you will convert it that goes to close to Rs.8 to 9 crores for the company, and apart from that the overall recession is also having impact, but we have seen growth if numbers are compared with the September.

Nitin Arora: Sir you mentioned that Thane-Ghodbunder there is some crack on the flyover of Vasai. So the traffic is getting diverted by which route there?

Dhananjay Joshi: Then from this NH8 to Kaman Paygon Road and thereafter coming to the Thane-Bhiwandi Bypass Road.

Nitin Arora: Sir but none of our project witnessed any tariff hike in Q4?

Dhananjay Joshi: No.

Nitin Arora: Sir can you give me the debt number on the MRM?

Dhananjay Joshi: Modern Road Makers is having a debt of close to Rs.483 crores.

Nitin Arora: Sir have we paid some of the debt on the MRM, because I think we started with Rs.600 crores...?

Dhananjay Joshi: It is a OD facility and equipment finance; OD facility it is totally based on the utilization.

Nitin Arora: And sir cash on MRM?

Dhananjay Joshi: I can tell you the overall cash on construction segment of MRM and holding company close to Rs.1215 crores.

Moderator: Thank you very much. The next question is from the line of Atul Tiwari from Citi Group. Please go ahead.

Atul Tiwari: Sir in Jaipur-Deoli how has been the collection on a per day basis so far, any idea?

Dhananjay Joshi: In Jaipur-Deoli the collection is close to Rs.21 to 22 lakhs per day, and as of now the collection is based on the partial tolling access.

Atul Tiwari: How much is the tolling you are doing, what was....?

Dhananjay Joshi: Close to 75%.

Atul Tiwari: Okay sir, it has not moved to full tolling?

Dhananjay Joshi: No.

Atul Tiwari: When is it likely to move to full tolling?

Dhananjay Joshi: From yesterday I think we have moved for full toll probably.

Atul Tiwari: About Amritsar Pathankot when are you likely to...?

Dhananjay Joshi: It will take another 1 and a half months time to get start.

Atul Tiwari: There has been some bit of delay I guess, if I am not mistaken?

Dhananjay Joshi: Yeah there was total 5 ROVs were there, only those things are pending, and because of that ROVs connection we are not able to establish the connection and their approvals of railways were pending, now we are getting a permission I think 3 or 4 flyovers we have already launched the girder and other things, so now it should not take more time.

Atul Tiwari: Sir any update on this bidding which was supposed to happen for Mumbai-Pune?

Dhananjay Joshi: Sir, there is no further update.

Moderator: Thank you very much. The next question is from the line of Vishal Sharma from BNP Paribas. Please go ahead.

Vishal Sharma: Any update on the premium restructuring sir -- what are the projects that you have submitted and when are you likely to expect any results from this?

Dhananjay Joshi: Actually, the premium rescheduling proposals we are awaiting approval from NHAI board and we believe we will be shortly receiving those.

Vishal Sharma: On Kolhapur what is the most current status?

Dhananjay Joshi: Actually Supreme Court has vacated this stay order issued by this Bombay High Court, and due to which our toll collection was stopped, due to that we are entitled to commence the toll collection now, and we have already approached the police authorities for providing the police protection. So as soon as we get the response from them then we will start the toll collection.

Vishal Sharma: And when are you expecting that approximately?

Dhananjay Joshi: May be by next weekend.

Vishal Sharma: How much has been the current maturities of long term debt?

Dhananjay Joshi: If you will talk about the BOT it will be a close to Rs.330 crores.

Vishal Sharma: No, just the consolidated number?

Dhananjay Joshi: Consolidated number there will be some debt where we will be replacing with the identical debt like some debt of holding company which will be getting matured in this year that will be replaced by the new debt...I will provide the number in 5 minutes.

Vishal Sharma: No issues. The other thing that I was trying to do is just if I simply add the debt numbers of individual projects that you have mentioned in the presentation which is close to about Rs.8,800 crores which is drawn down, and if I add the balance sheet number of close to about long-term, short-term plus this current maturity, it is close to about 10,600 crores plus. So should I assume that the balance is all on corporate plus MRM?

Dhananjay Joshi: Yes, absolutely correct.

Vishal Sharma: And Rs.1200 crores cash will also be against that?

Dhananjay Joshi: Current maturity including the repayable in holding company is close to Rs.750 plus crores.

Vishal Sharma: So that means the debt which is outside of these projects should be close to about Rs.2,250 crores...basically the individual project debts that you have mentioned totals up to Rs.8,800 crores including ...

Dhananjay Joshi: Including OD that will be the number.

Vishal Sharma: Can you share the construction revenue project wise and also the other income that is being included in different segments for the quarter?

Dhananjay Joshi: Construction revenue is Rs.568 crores and Toll revenue is Rs.320 crores, and breakup of the construction revenue in this quarter Ahmedabad-Vadodara was Rs.472 crores.

Vishal Sharma: I am sorry... just before that I was looking for the other income that is included in construction and toll?

Dhananjay Joshi: Other income in Toll is Rs.5 crores and Construction is Rs.30 crores.

Vishal Sharma: Now the project wise breakup?

Dhananjay Joshi: Project wise breakup -- Ahmedabad Vadodara is close to Rs.470 and Rs.55 crores from KK4 BOT and plus close to Rs.30-odd-crores from the other projects.

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

Ashish Shah: What is the CAPEX for the equipment that is likely for these newer assets that we have got over the next 12 or 18-months?

Dhananjay Joshi: In the range of Rs.25 to 35 crores because as the CAPEX of Talegaon-Amravati, Jaipur-Deoli and now Amritsar-Pathankot and Tumkur-Chitradurgas is getting __24:01 so those will be deployed for these projects but there will be Rs.25 to 35 crores of renewal of the CAPEX will be required.

Ashish Shah: That is annually you are saying Rs.25-35 crores?

Dhananjay Joshi: Yeah.

Ashish Shah: But, would you be able to move your equipments to Haryana project also?

Dhananjay Joshi: Yes.

Ashish Shah: Also for the key projects can you give an indicative traffic growth that you have seen in the quarter like Surat–Dahisar, Bharuch–Surat, Mumbai–Pune?

Dhananjay Joshi: If you compare the quarter with the basically previous quarter you may not see any much growth in that because two days were short in this quarter, but you will compare with the previous year we have seen 4–5% kind of growth in all of the projects.

Ashish Shah: But sir if I look at the revenues they do not seem to suggest that sort of growth because on a year–on–year, because then there would also have been a tariff growth so when....?

Dhananjay Joshi: On Mumbai–Pune we do not have any tariff growth, we have seen 5.17%, on Surat–Dahisar we have seen a growth of 10%, there also the tariff increase was close to 6%, and other projects were in range of 6% to 7% kind of growth.

Moderator: Thank you. Next question is from the line of Viral Shah from SBI Capital. Please go ahead.

Viral Shah: Couple of questions from my end; firstly on these three new projects could you give us revenue guidance for the first year of operation?

Dhananjay Joshi: Sir I think we have toll revenue numbers... we will be just check and revert back to you.

Viral Shah: Secondly as you had clarified that Jaipur–Deoli is 75% complete, apart from that **26:17 (Inaudible)** partially commissioned?

Dhananjay Joshi: No, Tumkur was full tolling from day one and the project is already completed.

Viral Shah: What about the Jaipur–Deoli sir?

Dhananjay Joshi: Jaipur–Deoli is also fully completed, from yesterday we have started full tolling also, and Amritsar–Pathankot will take 1.5 months time to start tolling.

Viral Shah: Any of the projects which is partially tolling right now?

Dhananjay Joshi: As of now no project is under partial tolling.

Viral Shah: Sir, what I understand is Solapur–Yedeshi construction revenue for this project will start from 2nd half of the financial year. Do we expect some construction revenue for the other two projects to come in, maybe...?

Dhananjay Joshi: Not in second half of this year.

Viral Shah: Probably FY–'16 is what we are looking at?

Dhananjay Joshi: This financial year, definitely yes, but not in the second quarter of this year.

Viral Shah: I was meaning that 4th quarter?

Dhananjay Joshi: 4th quarter definitely yes.

Moderator: Thank you. Next question is from the line of Vibhor Singhal from Philip Capital. Please go ahead.

Vibhor Singhal: Sir my question is on the Talegaon–Amravati project, what is the kind of toll collection that we are looking at that project as of now per day?

Dhananjay Joshi: Close to Rs.15 to 16 lakhs per day.

Vibhor Singhal: And sir is that in line with the estimates or we are looking at some kind of a...?

Dhananjay Joshi: Yes.

Vibhor Singhal: And also sir on the last three projects that we won I am sorry if you mentioned this earlier, I joined the call a bit late we did not have any bidder for the Rajasthan project, and were there any bidders for the Yedeshi–Aurangabad project?

Dhananjay Joshi: Yedeshi–Aurangabad there were total three bidders, Solapur–Yedeshi there were two bidders.

Vibhor Singhal: Sir would we be able to get let us say the VGF that they had sought the L2 number?

Dhananjay Joshi: L2 for Solapur–Yedeshi I think either Oriental or ITNL and they were close to Rs.50 crores higher than us. we have put Rs.500 crores plus and their number were Rs.50 crores higher than us.

Vibhor Singhal: And for Yedeshi–Aurangabad sir?

Dhananjay Joshi: Yedeshi–Aurangabad we will check and revert back to you.

Vibhor Singhal: Now that you mentioned that basically we are looking at these projects starting construction by the 4th quarter of this year, before these projects the order book was in a kind of a depleted state because of which we kind of saw a revenue decline in the EPC segment for this quarter, what is the kind of growth in the top line that we are looking at in the EPC segment for next year?

Dhananjay Joshi: 10% to 15%.

Vibhor Singhal: Will you be able to get that 10 to 15% even if we achieve construction only in the 4th quarter for the last two projects?

Dhananjay Joshi: Yes.

Moderator: Thank you. Next question is from Shashikiran Rao Standard Chartered Equity. Please go ahead.

Shashikiran Rao: Can you give us a breakup of the EPC order book or have you provided it in the...?

Dhananjay Joshi: EPC order book includes Rs.12,000 crores plus kind of order book, out of that Rs.2000 crores in the O&M order book and balance Rs.10,000 plus crores will be executed over the period of 3.5 years, and project wise order book is also available in the presentation of the company.

Shashikiran Rao: Which are the projects you are expecting toll collection increase in this year and in which quarter?

Dhananjay Joshi: Mumbai–Pune was increased by 18% from 1st of April and followed by will be the Bharuch–Surat which will be linked with the WPI, and followed by Surat–Dahisar from 1st of September, which will be the MVR project also.

Shashikiran Rao: All these are in FY15 you are mentioning?

Dhananjay Joshi: Yeah, FY15. This Ahmedabad–Vadodara and Tumkur–Chitradurga has got rate revised close to 6% from 1st of April.

Shashikiran Rao: So Mumbai–Pune you are saying already been revised, right?

Dhananjay Joshi: Yeah Mumbai–Pune, Talegaon–Amrawati is already revised.

Shashikiran Rao: In the first quarter of this year?

Dhananjay Joshi: 1st April this year.

Moderator: Thank you. The next question is from the line of Jonas Bhutta from Bank of America. Please go ahead.

Jonas Bhutta: There was also a slide comment which mentioned that you are planning to increase borrowing limits, and what was that relating to?

Dhananjay Joshi: Basically, this is relating to the new projects which we have won, and as per the Companies Act the board has empower to borrow for this funding limits, that is the reason we have increased it from Rs.15,000 crores to Rs.20,000 crores.

Jonas Bhutta: This is just on a companywide basis?

Dhananjay Joshi: Yeah, companywide, term loan for this.

Jonas Bhutta: Sir, also to a previous question you mentioned that there is roughly Rs.2900 crores of equity requirement. I know a lot of financial closure for the three year pending, but if you can phase it into FY15-16, that would be helpful?

Dhananjay Joshi: FY15 will be close to Rs.1200 crores, and thereafter FY16 will be close to Rs.950 odd crores, and FY17 will be close to Rs.700 crores.

Jonas Bhutta: On Ahmedabad-Baroda, we have seen decent growth in this quarter. So was that completely traffic linked?

Dhananjay Joshi: This quarter there was no toll rate hike, it is totally linked with the traffic.

Jonas Bhutta: So this average of Rs.120-130 crores that we are targeting would you see an upward revision or is it performing in line with your estimate?

Dhananjay Joshi: It is performing in line with our estimate.

Jonas Bhutta: Lastly, for this premium renegotiation, even though the NHAI board approval is still left, so for the FY15, how will the premium be rescheduled, in the sense, will it have a back dated effect of 1st quarter or how will it be done, any idea on that?

Dhananjay Joshi: As the policy is already approved and we have given our calculation for their checking and for final approval from the 1st April itself. So, now

we have to wait and watch that what kind of approval they give, because we have asked for deferment for entire year.

Jonas Bhutta: In terms of refinancing or cash flow refinancing, any projects that are on the anvil that you would look to do that?

Dhananjay Joshi: As of now there is no such requirement, we are not looking for refinancing.

Jonas Bhutta: So the entire Rs.2900 crores will be funded through cash flows?

Dhananjay Joshi: Yes.

Moderator: Thank you. The next question is from Mangesh Bhadang from Quant Broking. Please go ahead.

Mangesh Bhadang: My first question is on the Goa-Kundapur project. You mentioned that construction has commenced on this project. And when that will turn into revenue, when will the minimum limit be reached?

Dhananjay Joshi: It is basically activity-based revenue booking. Suppose earth work for certain kilometers is completed, so on that basis revenues are booked, it is not directly linked with a certain percentage like building contract.

Mangesh Bhadang: From first quarter onwards, you can start looking at decent revenue contribution from that project?

Dhananjay Joshi: Yes.

Mangesh Bhadang: And when do you expect to complete the construction on Ahmedabad-Vadodara?

Dhananjay Joshi: Scheduled date is December 2015.

Mangesh Bhadang: And any changes to it based on the current run rate?

Dhananjay Joshi: It can get completed early, but it is very difficult to comment... more than 1.5 years is left.

Mangesh Bhadang: If you could repeat again the Rs.2900 crores equity contribution over '15-16 & '17?

Dhananjay Joshi: Rs.1250 crores in '15 and close to Rs.950 crores in '16 and close to Rs.700 crores in '17.

Moderator: Thank you. The next question is from Amit Sinha from Macquarie. Please go ahead.

Amit Sinha: First one is on construction business, can you please repeat the gross debt and the cash number?

Dhananjay Joshi: Gross debt on the Modern Road Makers itself will be close to Rs.500 crores kind of thing, but if you include the holding company then definitely that will be close to Rs.2000 plus crores, and cash will be Rs.1215 crores.

Amit Sinha: What was the CAPEX on the standalone entity in FY14?

Dhananjay Joshi: CAPEX was close to Rs.25 crores.

Amit Sinha: What was the reason for the lower overall cost of debt coming down from 11.25% to 11%?

Dhananjay Joshi: Some of the debts which were due for renewal, those were renewed at 10.7% to 11%.

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

Nitin Arora: This Talegoan–Amravati I meant a full toll collection, what is the number there?

Dhananjay Joshi: Close to Rs.15–16 lakhs per day.

Nitin Arora: You said the current maturity in the holding company debt is Rs.700 crores.

Dhananjay Joshi: Holding and BOT including is close to Rs.700 crores.

Moderator: Thank you. The next question is from Navin Jain from JM Financial. Please go ahead.

Navin Jain: I had a query in terms of our equity commitment. So, when I look at your holding company debt today, it is closer to about Rs.2200 odd crores against which we have around Rs.1200 crores of cash. So we have net debt of about Rs.1000 crores and over the next three years we have any existing equity commitment here which is closer to about Rs.2500 crores plus. So given this will there be any constraint on the company for bidding for any more projects at least in the near-term, what is the kind of target that we are setting for ourselves in terms of

a number of projects or in terms of project cost that we can bid and win in the coming year?

Dhananjay Joshi: Whatever the holding company data there, that will be continued till the growth phase will be there. And secondly, whatever the equity requirement is there, that can be funded through internal accrual plus whatever cash we are having. You are absolutely correct that if we get a further project like 2–3 projects in this year then definitely we have to check the resources from where we can generate the cash. There also first option is available is that, we can securitize the cash flow of the some of the BOT projects and we can raise fund, but as of now since we are having three projects pending for financial closure, as and when we will get new projects at good rate, then definitely at that time we will take a call with regard to the funding of those projects.

Navin Jain: Have we set any internal target in terms of project cost that we will be targeting in the coming 12 months?

Dhananjay Joshi: Target still remains the same of Rs.300–350 Kms on a yearly basis that we will be bidding and that which we believe that we can fund through internal accrual.

Navin Jain: This Ahmedabad–Vadodara project, what exactly is the formula that is used for this tariff hike?

Dhananjay Joshi: It is NHAI's 2009 policy and it is 3% fixed plus 40% of WPI.

Navin Jain: This WPI is taken as of what date?

Dhananjay Joshi: WPI during the year.

Navin Jain: Average WPI during the past year?

Dhananjay Joshi: Yes.

Navin Jain: Tariff hike happens from 1st April every year, right?

Dhananjay Joshi: 1st April every year.

Navin Jain: This year we got a hike of 6.5% if I am not wrong?

Dhananjay Joshi: It was close to 6%.

Navin Jain: From 1st April onwards?

Dhananjay Joshi: Yes.

Navin Jain: If I look at your Mumbai–Pune project as well as the Ahmedabad–Vadodara project, if I am not wrong, if I am calculating correctly, both the projects seem to have decline in terms of total toll collection in this quarter compared to previous quarter adjusting for a tariff hike which is there in Ahmedabad–Vadodara project, is that right?

Dhananjay Joshi: In the previous quarter there was no tariff hike in neither Mumbai–Pune nor Ahmedabad–Vadodara. I think some participant has asked that “When toll rate hike is due next year?” which I have told that

Navin Jain: I got that point, what I am asking is for compared to third quarter in some of these projects there has been a marginal decline in toll revenues.

Dhananjay Joshi: I do not think so, because if I will talk about Ahmedabad–Vadodara itself, the toll numbers have increased from Rs.33–34 crores. Those number of days was two day short in this current quarter.

Navin Jain: But that also had a 5.5% tariff hike, right?

Dhananjay Joshi: That has increased from 1st of April. How that will impact in...

Navin Jain: Got it. So maybe in Mumbai–Pune there is a marginal?

Dhananjay Joshi: No, Mumbai–Pune also we have got a rate hike from 1st of April.

Navin Jain: But in the third quarter we had Rs.110 crores, in this quarter, we had Rs.108 crores.

Dhananjay Joshi: There was two days short also.

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

Vibhor Singhal: Just a quick housekeeping question... for the Goa–Kundapur project, wanted the total debt and the total equity that will be required?

Dhananjay Joshi: Total equity required in Goa–Kundapur is close to Rs.700 crores and debt is close to Rs.1400 crores, and there will be total grand close to Rs.536 crores from the NHAI.

Moderator: Thank you. The next question is from Chockalingam Narayanan from Deutsche Bank. Please go ahead.

C Narayanan: First one, what is the other income for the Construction division for the full year?

Dhananjay Joshi: Construction division other income was Rs.103 crores, and Toll income was Rs.18 crores.

C Narayanan: In the bidding pipeline if I heard you right, you were saying that for the next three to four months there is not much of projects from the NHAI?

Dhananjay Joshi: Yes.

C Narayanan: The second one was in your bidding pipeline there seems to be a big number from other clients. Which dates are these that you are witnessing an improvement in the bidding pipeline or an opportunity is being better?

Dhananjay Joshi: It is basically the state government authorities – Maharashtra, Punjab...

C Narayanan: Because there is a huge jump between your December presentation and your March presentation.

Dhananjay Joshi: That is right, majority of NHAI also, and then other clients also.

C Narayanan: No, within the other clients it has moved from Rs.4,500 crores to roughly Rs.20,000 crores. So, which are these states?

Dhananjay Joshi: These states includes Maharashtra, Rajasthan and Punjab majorly.

C Narayanan: Is there any chunky project or....?

Dhananjay Joshi: No, I think size is close to less than Rs.2000 crores.

C Narayanan: Each of these projects will be less than Rs.2000 crores.

Dhananjay Joshi: Yes.

C Narayanan: As far as NHAI, what is the sort of bidding pipeline do you see for this full year?

Dhananjay Joshi: As of now NHAI has not come out with any particular number. Once they will come out with a number then definitely we will share with you.

Moderator: Thank you. The next question is from Prem Khurana from B&K Securities. Please go ahead.

Prem Khurana: On debt-equity numbers, we have always kind of identified that we are going to contain net debt-equity of around 3x now, given the fact that we have bagged these many projects in this year itself and what requires to put in equity and as well as you would be drawdown for construction, would you want to revise your guidance in terms of net debt-equity number upwards or what is the comfort level now, after these projects?

Dhananjay Joshi: As of now we do not want to revise the numbers. I think as the year will progress our net worth will also increase, and debt will also increase. I think it should remain close to three.

Prem Khurana: But in this year itself we had eight projects with around Rs.5000 odd crores of construction cost, so would require to put significant money in terms of equity. Do you think it will go beyond 3x, because you are already at around 2.7x and FY15 itself you have been putting around Rs.1250 crores of equity in your projects, so which would take away all the cash which is there with us as of now...

Dhananjay Joshi: There will be internal accruals also for Rs.2000 odd crores. So I think we will be managing through cash and internal accrual. Most probably it will be 3 kind of thing, it will not be beyond 3 point.

Prem Khurana: How about remaining 26% in MVR, so what is the status there?

Dhananjay Joshi: There we have already paid, only approval of NHAI is pending, and once the NHAI approval is received, then definitely the equity will be transferred to our account.

Prem Khurana: So, we have already paid the consideration, we will not be requiring to pay anything else?

Dhananjay Joshi: Yes.

Moderator: Thank you. The next question is from the line of Lokesh Garg from Kotak Securities. Please go ahead.

Lokesh Garg: Is there any significant cash in any of a SPV project?

Dhananjay Joshi: There will be close to Rs.25-35 crores of cash in each of the SPV.

Lokesh Garg: But none of them have above let us say Rs.50 crores or Rs.100 crores?

Dhananjay Joshi: No.

Lokesh Garg: So all the debt and cash on a gross basis lie in standalone and MRM combined which numbers have already given?

Dhananjay Joshi: Yes, gross cash will be close to Rs.1500 crores, out of that roughly Rs.250–275 crores will be in subsidiary.

Moderator: Thank you. As there are no further questions I would now like to hand the floor over to Mr. Anil Yadav for closing comments. Over to you, sir.

Anil D. Yadav: I first of all thank all of you for being other on the conference call today, and look forward to talk to you again.

Moderator: Thank you. This does conclude your conference call for today. Thank you for joining us and you may now disconnect your lines.