IRB Infrastructure Developers Limited
Transcript of Earnings Conference Call
May 18, 2022

Moderator: Good morning, Ladies and gentlemen. Welcome to the IRB Infrastructure Developers Conference Call for discussing the unaudited or retail financial results for the year ended March 31st, 2022, and recent developments. We have with us in call today Mr. Virendra D. Mhaiskar, Mr. Carlos Ugarte, Mr. Jose Tamariz, Mr. Dhananjay Joshi, Mr. Anil Yadav, Mr. Mehul Patel, Mr. Poonam Nishal and Mr. Tushar Kawedia.

As a reminder, all participant lines will be in the listen-only mode and after the opening remarks by the management there will be a question-and-answer session. Please note that the duration of call would be 45 minutes and any queries left unanswered after the call can be subsequently mailed to the management for adequate response and resolution. Please note that this conference is being recorded. I now request Mr. Virendra D. Mhaiskar to give you an overview to give you an overview of significant developments during the quarter.

Thank you and over to you, Sir.

Virendra Mhaiskar: Good morning to all of you. I would like to welcome all the investors and analyst on this conference call. Hope you have all been able to go through the detailed numbers as well as the presentation that was released by the management last evening. In the quarter gone by capitalizing on the strong tailwinds of massive capital trades of 5,347 crores, we have achieved improvement in rating across IRB group. Even, Fitch rating has upgraded the international long term issue of default rating for IRB Infrastructure Developers to BB+ (plus) from BB with a stable outlook. These efforts has helped us to negotiate better interest rates across budgets. This will lead to an overall savings of more than 100 crore annually for subsidiaries of IRB. Details of the same are provided in the corporate presentation.

We are pleased to inform that Palsit Dankuni Tollway project in Bengal has received the appointed date from April 2nd, 2022, and the toll collection on the project has also commenced and the collection numbers are in line with our projection. Implementation of the project will be through private trust. We have completed the rights issue of 243 crores in the private trust and proceeds of the same will be utilized for the Bengal project i.e. Palshit Dankuni project. The company being the sponsor of the private trust will continue to hold 51% and GIC affiliates will continue to hold balance 49% and accordingly they have invested 119 crores as part of their share.

Vadodara Kim Expressway implemented by VK1 Expressway private debated wholly owned subsidiary of the company has been issued a provisional competition certificate by the competent authority upon substantial completion of the works. Consequently, the SPV is eligible for receipt of Bi-annually annuity payments from NHAI for the period of next 15 years. It is one of the first project of the prestigious Delhi-Mumbai Expressway Corridor to achieve provisional completion.

We have also received PCOD 2 from NHAI for additional length of approximately 20 kilometers for the IRB West Coast project from Karwar to Kundapur. Pursuant to PCOD 2, the toll tariff from the projects has been revised upwards by 10% from 5th of March 2022.

We are pleased to inform that the arbitration award for Amritsar Pathonkot and Panjim-Goa project amounting to 418 crores and 370 crores respectively, have been upheld by the Honorable Delhi court in favor of the company dismissing the appeal by NHAI.

Third wave of COVID in India had some impact on the traffic, especially on the car traffic in the month of January 2022. However, our per day collections have improved to over 53 million for the quarter ended March 22 as against 50 million per day for the quarter ended March 21. The growth during this quarter was 6% year-on-year. During the month of February and March Mumbai - Pune and Ahmadabad Baroda projects have clocked a traffic growth of over 8% and 6% respectively as compared to the same month of the previous year. We have received toll revision of approximately 10% from 1st April 22 for the year FY22 in line with the concession agreement for Ahmadabad Vadodara, Private InvIT and four of the public InvIT projects. High inflation will benefit operational projects as the operations and maintenance cost is only to the extent of 10% to 12% of revenue.

Impact of inflation on under-construction projects i.e on HAM and BOT,

1. For HAM projects during the construction phase, the escalation to the extent of 40% is provided by NHAI and the balance 60% by IRB or lenders as the case maybe. During the operations period IRB would be receiving the annuities from NHAI for the balance 60% adjusted to escalation with interest. Thus, making escalation a complete pass through.
2. As far as BOT projects under construction are concerned, we have seen three major materials that is bitumen, cement and steel witnessing the price rise of 20% to 25% over the last 6 months on an average. This material constitutes approximately 20% of the total project cost. Hence, the impact of these materials on total project cost is around 4% to 4.5%. We have sufficient escalation in build in our estimated cost of the BOT project to cover the rise in material price. We have witnessed some bidding activity during Q4 of FY22 which included a few BOT and large number of HAM projects. We have participated in the BOT project, but not participated in HAM projects due to intense competition in bidding. Most of the HAM projects were awarded below NHAI TPC as against 20% to 30% above as the case used to be. The total order book of the company is now around 16,000 crore of which 10,000 odd crores pertains to EPC. This strong order book provides good visibility for the next two to three years. In the future as well, we will only bid for projects that have potential to create value for our stakeholder.

We are pleased to inform that we have received final sanctions from lenders for the financial assistance fought for the Ganga Expressway BOT project and Chittoor-Thachur Project. Upon completion of the documentation, we will soon be announcing the financial closure for these projects as well.

To facilitate our strategy to achieve sustainable growth, we intend to churn assets and unlock value to fund the future projects. To achieve this, we intend to offer eligible assets to public invit at regular intervals going forward. To discuss this opportunity, we intend to submit a concept paper to the public invit management soon. Post their review, we will try to reach out all the stake holders to enlighten them about the opportunity and seek their views on it as well. This effort will put IRB on a self-sustaining growth trajectory.

Now, I would request Tushar Kawedia to give an overview of the financial performance of the company. Over to you, Tushar.

Tushar Kawedia: Thank you sir. Now we present the financial analysis for Q4 FY22 versus Q4 FY21 the total consolidated income for Q4 FY22 has increased to Rs. 1,683 crores from 1,650 crores registering a growth of 2%. The consolidated toll revenues for Q4 FY22 has increased to Rs. 510 crores from 488 crores increased by 5%. The consolidated construction revenue for Q4 FY22 has increased to Rs. 1,173 crores from Rs. 1,162 crores registering a growth of 1%. EBITDA for Q4 FY22 increased to Rs. 891 crores from 805 crores registering a growth of 11%. Interest cost has decreased to Rs. 399 crores from Rs. 451 crores in Q4 FY21. Depreciation has increased to Rs. 189 crores in Q4 FY22 from Rs. 177 crores in Q4 FY21. PBT has increased to Rs. 303 crores in Q4 FY22 from Rs. 176 crores registering a growth of 72%. PAT after share of JV has increased to Rs. 175 crores from Rs. 97 crores registering a growth of 79%.

Earnings per share on basic and diluted basis excluding extraordinary income has increased to Rs. 2.89 per share from Rs. 2.77% registering a growth of 4%. I will also present the financial analysis for year-to-year that is for FY22 versus FY21 the total consolidated income for FY22 stood at 6,355 crores as against Rs. 5,488 crores registering a growth of 16%. The consolidated toll revenues for FY22 has increased to Rs. 1,877 crores from Rs. 1,665 crores registering a growth of 13%. The consolidated construction revenues for FY22 has increased to Rs. 4,479 crores as against 3,822 crores registering a growth of 17%. EBITDA has increased to Rs. 3,349 crores from Rs. 2,702 crores registering a growth of 24%. Interest cost has increased to Rs. 1,891 crores in FY22 from 1,692 crores in FY21, depreciation has increased to Rs. 683 crores in FY22 as against Rs. 582 crores in FY21 PBT excluding extraordinary income has increased to Rs. 776 crores as against 427 crores registering a growth of 82%. PAT after share from JV has increased to Rs. 361 crores from 117 crores registering a growth of 200%. Earnings per share on basic and diluted basis excluding an extraordinary income is increased to Rs. 8.69 per share from Rs. 3.33% registering a growth of 160%. Now I request moderator to open the session for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit K from DAM Capital. Please go ahead.

Mohit K: Sir my first question is what is the revenue EBITDA and profit and total debt for the Private InvIT for FY22?

Management: Private InvIT you want EBITDA & profit.

Mohit K: Revenue rise to 12 billion right for the entire year?

Management: Yes. For current financial year, Private InvIT had total Income of INR 1,250 crores, EBIDTA of Rs.951 cr excluding provision for major maintenance which non cash in nature, PAT is Rs. (443) crores, Cash profit is 40 crores.

Mohit K: Can you please the share the EBITDA and debt number of the Private InvIT?

Management: Debt number is 9,500 crores and Cash EBIDTA of Rs. 950 crores.

Mohit K: What is the status of IRB Hapur Moradabad road I think it was supposed to start from May somewhere May is that right understanding?

Management: So, the project is about to achieve its PCOD and we are expecting it to happen in this first quarter itself.

Mohit K: And sir given that order orderbook is around 10,000 crore how do you expect the EPC revenues to plan out in FY23 and what kind of margin you should assume for FY23?

Management: We have EPC order of approx. 10,500 cr. Most of the projects have achieved FC or advance stage of achieving FC. Hence, all project will contribute to construction revenue in this year. The construction revenue is expected around 5000 to 5,500 crores for next year, considering all five new projects starting its construction and the EBITDA margins what we are expecting was somewhere between 24% to 26%. This EBIDTA margin is considering mix of HAM and BOT Projects. We will have higher proportion of HAM this year as compared to previous years and margin on HAM assets are in range of 18 to 20% which is lower than BOT.

Mohit K: Lastly on Ganga Expressway have we finalized the project cost and what is expect timeline for the implementation?

Management: We are advance stage of achieving the financial closure and once the financial closure is achieved, we expect to start the project. The total debt component will be close to 2,700 crore the total equity will be around 2,200 crores and 1,750 odd crores will be grant from authority. Total cost will be 6,650 crores.

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

Vibhor Singhal: My question was basically on something that we just eluded in our opening remarks about they say taking the proposal of transferring assets to the public InvIT, could you just throw maybe a little bit more light on this that as of now whatever projects that we have in the public InvIT as and when they operation is it that we are looking to transfer them one by one of course subject to pending approvals from the shareholding and all, if you can just throw light on them and how do we trying to start the process and which projects do we intend to probably become the….

Management: I would request you to patiently wait for few more days for concept paper to come out which will throw full clarity on the projects that would come up. I can only give you a fair idea that I mean the kind of value unlocking or kind of size being that we are thinking of offering to the public InvIT could be in the range of around 2,500 crores that is the kind of sales proceeds we envisage from sale of projects also it's a very detailed effort that will go into the process and that is the kind of sizing that we are looking at.

Vibhor Singhal: Maybe you are asking for a generic comment in that sense so our endeavor would be that going forward as and when we take more projects they first go into the private InvIT and when they become operational we give the pubic InvIT an option to buy them out, is that the right understanding?

Management: In a generic manner what I would say here is that while we are strongly back to the growth trajectory this time around which we want to churn the assets and grow. Thereby we achieve two major objectives. One the growth gets funded from the churn of assets which would unlock the capital that was deployed in new projects and as a result the construction profit that use to get reinvested back into the project for partly meeting the equity cost, equity component could now remain free with the company for reducing the debt or for distribution to the shareholders. This will be to my mind a tectonic shift in the way the business has been conducted in the past and how it will be conducted in future. While growth will come from churning of assets the construction profit remains available for reduction in debt or distribution. So, this is the prime structural change that we are going to try and bring into the manner.

Vibhor Singhal: And HAM projects would generally remain out of the ambit public or private InvIT they will remain with the parent company?

Management: That is correct.

Vibhor Singhal: Just a couple of book keeping questions if I may so would you be able to tell us what is the total gross debt at the end of the year and out of that how much is SPV debt and how much debt at the standalone level?

Management: The project wise debt i.e. Mumbai-Pune has 6,400 crores debt, Ahmadabad-Vadodara is 3,000 crores debt and close to 900 crores in VK-1 so that is the SPV level debt and IRB plus EPC arm total debt is around 3500 crores including OD.

Vibhor Singhal: So, that take us the total debt to be around 14,000 crores?

Management: 13,800 crores to be very precise.

Vibhor Singhal: There has been only draw down in the VK-1 no other HAM projects or any other projects there is no any draw down?

Management: So, VK-1 is now in the completion there is hardly amount left for disbursement so that will be drawn in this quarter itself. There is no drawdown in other HAM projects.

Vibhor Singhal: Ganga will be part of private InvIT, so it will be just formed as the JV?

Management: That is right.

Vibhor Singhal: Sir just one more clarification on the other income so the other income in this quarter was also significantly higher on a higher side as compared to our usual run rate now last quarter of course we had 170 crores of paid value sales, what explains the high other income this quarter given that we also reduced the debt in this quarter so the interest income would not be high/

Management: Other incomes includes close to 170 crores interest received on award received for Panaji Goa project so that has led a higher income of 170 crores, but if we look at the onetime expense also, we have onetime expense of close to 160 crores which is part of expenses. Out of 160 crores expenses that roughly 30 crores pertain to Panaji Goa and roughly 125 crores to 130 crores pertains to the issue expenses for the preferential allotment.

Additionally, there is close to 50 crores of additional interest expense higher in this quarter because of the prepayment charges, some transaction cost reversal and few days' interest for loan which got prepaid in the month of January.

Total one-time expenses include are part of direct cost, office admin and interest expenses are to the extent of INR 210 crores.

Management: The last 3,250 crores debt repayment that we did as a part of the capital raise are we mentioning about that repayment.

Vibhor Singhal: And sir this 160 crores of exceptional expenses this would have been a part of other income so 170 crores of exceptional income and 160 crores of exceptional expense they kind of negate each other despite of other income was about close to 240 crores? So, just wanted to check what takes the other income so high or is that going to be the normal run rate going forward as well?

Management: No, Panji Goa project, interest awarded by the High court is part of other income i.e. 170 crores and on expense side onetime expenses is close to 160 crores so both negate each other at EBIDTA level.

Vibhor Singhal: If I negate each other then the net difference is only 10 crores so these are both exceptional item so if I remove 10 crores also then also our other income for the quarter is 240?

Management: From Rs 225 crores other income, you have to remove 170.

Vibhor Singhal: 160 is not in that 160 is financial expense?

Management: Yes, those are not netted out on expense side there is 160 crores on expense side.

Vibhor Singhal: And that expense side will be in which line item?

Management: I think there will be some in the office admin and majority of will be in the direct expenses because whatever the expenditure was done for the Panaji Goa that also we have charged to P&L account during this quarter.

Vibhor Singhal: Sir just one last question if you could just maybe give the breakup of the order book the EPC order book is right now almost 10,000 crores so if you just give us that what is the total composition in terms of let us say for HAM, Palsit and Ganga Expressway?

Management: We have EPC order book of 10,500 crores and O&M orderbook of 5500 crores.

Vibhor Singhal: The 10,500 crores if you could give the breakup of our projects HAM, Palsit and Ganga?

Management: So, if you see out of 10,500 crores the EPC orderbook, on the BOT project that is Ganga is close to 5,400 and Palsit is 2,000 crores and the balance of HAM & other projects is around 3,100 crores.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: So, to begin with I want to understand I mean when I look at the balance sheet this quarter it seems that there have been substantial movement in our property, plant and equipment and at the same time so we never had this larger receivable for asset when I do the historical number, so what would explain this large receivable and almost on a 600 odd crores because of noncurrent and current over Rs. 1,000 odd I thought given the fact that we are working for our own SPV payments would always come on time except for borrowing cost, some slight delays I mean is there any delay in disbursal, but Rs. 1,600 odd crore of receivables seem to be fairly large and would never have this large number at least in the past with us?

Management: The receivable for IRB at the console level are mostly from the Private Invit or its SPVs for which the construction work is done. The outstanding receivable has to come from NHAI side on account of some COS works which takes slightly longer time than the normal i.e 12 months and that is why they have been reported under non-current receivable.

Prem Khurana: So, this 600 which is reflecting as a part of noncurrent would mostly be COS right now?

Management: You are right.

Prem Khurana: And how about this one the fixed asset property plan in equipment so September figure was almost 122 and this is increased to almost around Rs. 950 odd?

Management: This is on account of the capitalization of the airport project which has led to the increase in this land property plant and equipment.

Prem Khurana: Has there been any reinstatement in our order backlog because I remember numbers correctly last quarter was almost around 18,500 and this quarter it is around 16,000 and when I look at the Q4 number in terms of EPC revenue that we booked it is around Rs. 950 odd crores, so if I were to adjust let us say 1,000 on that 18,500 last quarter number ideally it should have been around 17,500 odd, but presentation is reflecting it around 15 and there is a sharp drop on a sequential basis in the O&M order backlog from 6,300 to 5,500 and also a small clarification on number that you gave and split in terms of BOT and HAM, so you just BOT is around Rs. 5,500 crores in the core EPC order backlog of almost around 10,500 odd, but I thought Ganga almost around Rs. 6,000 odd and Palsit should be over and above Ganga, so why is this number 5,500 for BOT?

Management: I think with respect to first I will explain the rationale why the order book has come down and then we will go in that split of the order book. Earlier the contract between SPV were including the GST and now those contracts are excluding the GST. Most of the peers are not taking GST in their orderbook and we have tried to align the order book in line with the peers and during the quarter we have done adjustment of GST. So, almost order book could have been reduced by 12%. So, as you rightly mentioned the Ganga was 6,000 including the GST and if roughly 700 crore is reduce the Ganga comes down to close 5,400 and Palsit Dankuni which was close to 2,300 crores that has also come down to close to 2,000 crores. So, that Tushar was explaining that BOT order book is roughly 7,400 crore and roughly balance 3,100 crore is the HAM & other projects order book. The similar adjustment is also done in the O&M order book.

Prem Khurana: I mean earlier when we used to report our numbers EPC side, so these number are including GST or excluding GST?

Management: Earlier it was including the GST now these numbers are excluding GST.

Prem Khurana: Exponentially given the fact that tax GST tends to be a pass through ideally I mean at least on optical basis the EPC margins should look better because we have report your numbers net of GST which eventually was a pass through earlier I mean absolute EBITDA would still be the same, but then percentage ideally should look better?

Management: So, EBIDTA % will look better with this particular change.

Prem Khurana: And just one last if I may I think if you could explain the sharp jump in net debt number I think from 9,300 odd it is gone through 11,000 odd so which is almost around Rs. 1,800 crores so Rs. 500 crores I understand is the payment that we would have made to the authority from Mumbai-Pune and what would explain the rest of almost around Rs. 1,300 odd crores.

Management: As we explained in the last quarter also 1,600 crores of repayment was done in the month of January so if you reconcile with the December number you have to adjust for 1,600 crores and as you rightly mentioned we have drawn a debt for Mumbai-Pune. If you adjust for these two, then automatically the debt numbers get reconciled.

Prem Khurana: No I was looking at a net debt number?

Management: Because the surplus available was utilized.

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

Parikshit Kandpal: So, my first question is on EBITDA margin Tushar has mentioned over 24% to 26% and you have mentioned about 22%, 23%, so what is the guidance here?

Management: Including other income, EBIDTA margin will be close to 24%.

Parikshit Kandpal: Second question is on the loss funding of the private InvIT so have we done any loss funding this year because we have about 400 crores of losses so if I assume 200 will be non-cash in nature so balance will be 200 crores of operational, so any shortfall in debt service anything done in this year on private InvIT?

Management: As you are aware that in BOT project majority of the losses is on account of the amortization. If you look at the amortization and resurfacing expenses provision which is non cash in nature of the private InvIT that would have in range of more than 250 crores. On net basis it would have been the cash positive itself.

Parikshit Kandpal: So, there is loss funding because it was taken care by that?

Management: So, private InvIT for this year it was on self-sustaining basis.

Parikshit Kandpal: The last question is on I think Mhaiskar sir has earlier mentioned a point on transfer of assets to the public InvIT this 2,400 crores are the enterprise value or equity value you mentioned?

Management: Equity value.

Parikshit Kandpal: So, equity value so at least even it is levered at 30% could be almost 7,000 and 7,500 crores worth of asset turnover?

Management: Not so high because some of the projects we have delivered, but I will still say the same answer that request you to wait for few more days till the concept paper is out.

Parikshit Kandpal: Discount rate will be at least like double digit early double digit growth?

Management: Wait for few days the concept paper will be out.

Parikshit Kandpal: Last thing sir last year we had good orders coming in from Ganga Expressway and some of the BOT projects which has come, so what is the sense on state and central ordering BOT for this year FY23?

Management: I think even for this year we expect 10% to 15% of the total award to come up on BOT and even the consolidation that we have seen in the BOT number of players that have been participating I think there will be good growth opportunities spread out during the year for BOT players.

Moderator: Thank you. The next question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Sir lot of questions have been answered so just few questions so one is what would be our normalized other income going ahead because in last couple of quarters we have seen some kind of one off, so what is the normalized other income if you can look?

Management: I think it will close to 40 crores to 45 crores of other income on normalized basis per quarter.

Alok Deora: But we have one more arbitration award so that will also reflect when that will come through?

Management: It should be coming in the first quarter to my understanding because the public InvIT I mean it is a pass through from the public InvIT. So, the procedural aspect on that have been completed. So, it should hit the numbers in the first quarters.

Alok Deora: So, some of it will come in that also?

Management: Yes. I would like to add here that if you had noticed for the last five, six years whatever projects we have completed thereafter arbitrations and disputes that are ongoing with NHAI and you would appreciate that now almost four, five years this has been going on. So, my own sense is that over next four to five years you will see some award or other that would keep coming and this would to my understanding become a profit center for next good number of years where you will see one or two awards that will keep helping the balance sheet on an annual basis. So, to my understanding this is going to be a big number that we will see unfolding over next few years. Further, the expenditure for those projects already incurred and the cash flow we have not factored in our business plan. So, then definitely that will be the additional cash flow which will be available to the Company.

Alok Deora: And sir in terms of order book like if we see it is around 16,000 crore worth of orderbook and some big projects we have won recently so not really started till now, so based on the order book and the current execution run rate what is the outlook on growth and how many orders we are looking to win what quantum in FY22?

Management: So, as it was said earlier it should be around 5,000 odd crores of construction execution is what we are targeting for the upcoming year. Now, you have around two and half years of visibility on the order book on the construction order book alone. So, it is a good visibility on the order book at this point in time. As you rightly said there are three projects which are about to commence construction and as I said for the pending HAM and Ganga Expressway we have received the final sanctions and post documentations very soon we should be in a position to announce the financial closure. So, even those two projects will hit execution and with that happening I think all the projects would then be under execution phase and during the year we will again try to rebuild the same order book position which one we are starting this year and that is what target would be that maintain the orderbook near the present level.

Alok Deora: And regarding this pubic InvIT transfer of the project which you mentioned about so I mean it has been sometimes since the public InvIT got any new project after the Amritsar-Pathankot, so this concept paper of floating of this concept paper how much what would be the timeline because this concept paper will float and what would be the timeline to materialize that?

Management: The way I see this is the concept paper will be out in the coming month and once that is out the consultative process to my mind should take a quarter because it will be a fragmented base of units holders who we will have to reach out to and once we have the sense on what kind of appetite they are looking at for public InvIT, what kind of funding options they would be wanting to be taken up then a formal proposal in the second quarter can be made out to the public InvIT and in the third quarter you can expect the execution of the voting and then after public InvIT raising resources and then early next year that is around Jan, Feb one can expect the transaction to culminate. This is the broad timelines that come to our mind I mean this is how the whole thing will play out.

Alok Deora: Because in Amritsar-Pathankot I think it was a slightly shorter time frame of around five months, six months when we had kind of closer transaction?

Management: No you are right, but yes we will have to reach out to investors to understand their appetite and only after that a formal proposal be made. So, we would not like to make a formal proposal without flowing the mind of the investors and that is why to reach out and wall cross, we need the concept paper so that we can reach out to them, explain the project rationale and once they are comfortable then make a formal proposal.

Moderator: Thank you. The next question is from the line of Kaushik Poddar from KB Capital Market Private Limited. Please go ahead.

Kaushik Poddar: Last year for FY22 we see that on the BOT segment your revenue from operation is around 1,800 crores and PBT is only 42 crores, so how do you see this financial year when things are normal completely?

Management: I think as we explained earlier also the Q1 for FY22 was impacted because of the second wave of COVID and this year we expect a normal year and we have received a 10% tariff revision on Ahmadabad- Vadodara so considering that we expect a healthy growth in the toll business and there should be profit to the tune of 300 to 400 crores in the BOT segment.

Kaushik Poddar: That you are talking of PBT right?

Management: No that's PAT. If you see this project both the projects AV and Mumbai Pune, in AV we have already received the reduction in the interest rate which will also contribute in the savings of interest and improvement in the PBT. Further MP BOT is also in the process of having the reduction in the interest rates which will again contribute the savings. So, roughly there will be another 80 to 85 crores saving on account of account which will improve the PAT.

Kaushik Poddar: You are talking of 400 crores PBT or 400 crores EBITDA that is what I wanted to know?

Management: 300 to 400 PAT.

Kaushik Poddar: And just one clarification in the BOT segment you have something like other income of 40 crores, what is the 40 crore for, what is this other income in BOT segment?

Management: So, in BOT if you see we collect toll daily basis. We invest those funds on a liquid fund and generate some returns. Some amount is from those investments and the other is towards the DSRA in the projects which is in the form of FD also contributes to the other income.

Moderator: Thank you. Ladies and gentlemen this was the last question. I now hand the conference over to the management for closing comments.

Management: I would like to thank all of you for being on the call to understand the rationale of the numbers and outlook for the upcoming year and we would be glad to connect again upon declaring the unaudited first quarter results. Have a great day. Thank you so much.

Moderator: Thank you. Ladies and gentlemen this concludes your conference for today. We thank you for your participation and for using Research bytes Conferencing Services. You may please disconnect your lines now. Thank you and have a great day.