

Conference call – Q2FY13 Results
October 30, 2012; 3.45 P.M.

Moderator: Good evening ladies and gentlemen. Welcome to the IRB Infrastructure Developers' conference call hosted by the company on the results for the September 2012 Quarter. We have with us today Mr. Virendra Mhaiskar, Chairman and Managing Director, Mr. Anil Yadav, Group Chief Financial Officer, Mr. Dhananjay Joshi, CEO, Realty and Airport and 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. Mhaiskar to give an overview of the September 2012 Quarter business activities. Thank you.

Virendra Mhaiskar: Yes. A very good evening to all of you and I would like to welcome you all on this conference call.

During the September 2012 quarter, with our focus on project execution, we could complete Jaipur- Deoli project to the extent of 82%, Talegaon- Amravati project 75%, Pathankot-Amritsar project 61% and Tumkur - Chitradurga project 47% respectively. Consequently, construction revenue increased by 19% in comparison to the September 2011 quarter last year. Due to reduced volatility in raw material prices, construction cost has not changed materially. As a result of these factors, our construction segment Operating EBITDA remains strong at around 26% during the quarter.

Toll revenue has increased by around 6% in comparison to the corresponding quarter last year. On the basis of higher Wholesale Price Index in comparison to the last year, Surat Dahisar Project has received 8.94% tariff hike, Bharuch Surat Project has received 7.5%. This tariff hike has compensated moderation in traffic growth. We expect toll revenue to grow around 12% on a yearly basis as a result of higher WPI and traffic growth.

Average cost of debt during the quarter remains at 11.25%. We have refinanced part of Bharuch Surat Project debt with IIFCL with lower rate of interest of 10.65%. Interest rates for under construction projects remain at a fixed rate of around 10.5%. We believe that the interest rates would fall a bit in the near term which will be beneficial to the Company.

We expect to receive appointed date for the Ahmedabad- Vadodara project in November and expect to start the construction & toll collection by December month. As far as the Kolhapur project is concerned the State government appointed committee has submitted its report and on the basis of the report, we are likely to start collecting toll in this quarter. The project has a 30 year concession period.

Order book now stands at approximately 9500 crores out of which 7400 crores worth of order book is to be executed in the next three to four years. This order book gives us a good visibility for the next three to four years.

We have observed further deceleration in case of order flow from NHAI. This was due to various factors like NHAI is trying to remove impediments in bidding and project execution process, tepid response of the bidders in the financial bids invited in the last 6 months etc. Looking at the

targets of the NHAI set at the beginning of the financial year, this can generate a lot of pent-up demand in the 2nd half of the FY12-13. We are pre-qualified at this point to submit bids for project worth 35000 crores and we will bid for viable projects wherein we will be comfortable to get equity IRR of about 18%.

We are pleased to inform you that we have completed the process of acquisition of 74% holding of MVR Infra and thereby MVR Infra has now become a subsidiary of the Company from October, 2012. Acquisition of remaining 26% holding of MVR Infra will be completed once NHAI approves transfer of this 26% holding to the Company. We will continue to evaluate BOT projects in secondary markets with criteria of established toll collection and around 18% to 20% equity IRR. We believe that there is good scope of inorganic growth for the company.

We have also declared 2nd interim dividend of Rupee 1 per share for FY12-13. As more and more projects become operational we believe that it can be possible to increase the dividend payout at a measured pace.

Now I would request Anil Yadav our CFO to provide the financial overview of the September quarter.

Anil Yadav: Thank you sir. First I will present the analysis of Q2 of FY13 versus Q2 of FY12. Second quarter for financial year 13 and the second quarter of financial year 12. Total consolidated income for Q2 of FY13 has gone up to Rs. 878 Crores from Rs. 766 Crores in Q2 of FY12 registering growth of 15%. Substantial increase in total income is due to increase in momentum in project execution during the quarter. Construction revenue in Q2 of FY13 increased to Rs. 597 Crores up by 19% from Rs. 503 Crores for Q2 of FY12. Toll revenue Q2 of FY13 increased to Rs. 248 Crores by 6% from Rs. 233 Crores for Q2 of FY12.

EBITDA for Q2 of FY13 has gone up to Rs. 414 Crores from Rs. 352 Crores in Q2 of FY12 registering a growth of 18%. Interest cost for Q2 of FY13 has also gone up to Rs. 148 Crores from Rs. 140 Crores in Q2 of FY12 resulting an increase of 6%.

Depreciation for Q2 of FY13 has gone up to Rs. 111 Crores from Rs. 63 Crores of Q2 of FY12 resulting an increase of 76% mainly due to commencement of amortization of Surat-Dahisar project.

As a result of this the PBT for Q2 of FY13 has gone up to Rs. 155 Crores from Rs. 148 Crores in Q2 of FY12 registering growth of 5%. PAT for Q2 of FY13 has gone up to Rs. 119 Crores from Rs. 111 Crores in Q2 of FY12 registering growth of 7%. Post minority interest the PAT for Q2 of FY13 has gone up to rupees at Rs. 121 Crores from Rs. 110 Crores registering a growth of 10%.

Now I will present the analysis of half year of FY13 versus half year of FY12. The total consolidated income for half year FY13 has gone up to Rs. 1,891 Crores from Rs. 1,596 Crores registering an increase of 18% over half year of FY12. Consolidated toll revenue for half year FY13 has registered an increase of 8% to Rs. 500 Crores from Rs. 461 Crores in half year of FY12 while the consolidated construction revenue have gone up to Rs. 1,325 Crores in half year FY13 from Rs. 1,076 Crores in half year FY12 registering a growth of 23%.

EBITDA for half year FY13 has gone up to Rs. 872 Crores from Rs. 708 Crores registering a growth of 23% over half year of FY12. Interest cost have also gone up to Rs. 302 Crores in half year FY13 from Rs. 259 Crores in half year 12 registering an increase of 17%. Depreciation has

also gone up to Rs. 219 Crores in half year FY13 from Rs. 123 Crores in half year FY12 resulting an increase of 78% mainly amortization in Surat-Dahisar.

As a result of PBT has gone up to Rs. 351 Crores in half year FY13 from Rs. 328 Crores registering an increase of 7% over half year of FY12. The PAT for half year FY13 has gone up to Rs. 258 Crores from Rs. 247 Crores in half year of FY12 registering an increase of 4%. Post minority test PAT for half year of FY13 an increase at Rs. 263 Crores as compared to Rs. 244 Crores in half year FY12 registering an increase of 8%.

I have finished my financial analysis now I will request the moderator to open the session for question and answer please.

Moderator: Certainly sir. 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 to 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.

We have a first question from Nirav Shah from Antique Stocks. Nirav, please go ahead.

Nirav Shah: Yeah, good afternoon sir congratulation on great set of numbers. Just a few questions.

Sir, first thing can you just give us the break up other income for the quarter September 2012 to September 2011?

Anil Yadav: Other income for construction division was Rs. 24 Crores and for BOT segment it was Rs. 9 Crores. Total is Rs. 33 Crores.

Nirav Shah: Yeah. This is for Q2 of FY13 and sir can you just give me breakup for the same for Q2 of FY12?

Anil Yadav: Yes. Q2 it was Rs. 24 Crores for construction segment and close to Rs. 6 Crores for BOT segment.

Nirav Shah: And sir you mentioned the toll freight increase on Bharuch-Surat it was 7.94%, is it right?

Virendra Mhaikar: Close to 7.5% and Surat-Dahisar 8.94%.

Nirav Shah: It is close to 7.5%, okay. And sir on the execution front how have you completed on Amritsar-Pathankot and Tumkur-Chitradurga?

Virendra Mhaikar: Amritsar-Pathankot we have completed 61%, Tumkur-Chitradurga completed 47%.

Nirav Shah: 47%, perfect sir great sir. Thanks a lot sir.

Virendra Mhaikar: Thank you.

Moderator: Thank you sir. We have our next question from Vishal Sharma from BNP Paribas. Sharma, please go ahead.

Vishal Sharma: Yes, thank you. Can you give a break up construction revenue from different projects?

Anil Yadav: Yes. Talegaon-Amravati has contributed roughly Rs. 80 Crores. Jaipur-Deoli close to Rs. 165 Crores. Amritsar-Pathankot close to Rs. 205 Crores. Tumkur-Chitradurga close to Rs. 125 Crores and others has contributed close to Rs. 20 Crores.

Vishal Sharma: Yes. Thank you. Any status update on Kundapur financial processes?

Virendra Mhaiskar: Kundapur SPV has been incorporated and we are awaiting the signing of the concession agreement with NHAI. So once the agreement is signed then only we will move with regard to the financial closure. As far as our end is concerned we have already started the preliminarily activities in that regard.

Vishal Sharma: And on the toll rate hikes any more expected during this coming quarter sir?

Virendra Mhaiskar: No, nothing to my knowledge.

Vishal Sharma: And can you also share if there is any market-to-market gains recorded anywhere either in BOT or construction?

Anil Yadav: There is no market-to-market losses because there is no gain also accounted because as the projects are under construction and even after construction also whatever the foreign exchange losses will be there that will be adjusted in the cost of the asset and that will be basically depreciated over the life of the asset.

Vishal Sharma: Okay. Thank you. And can you share the cash balance breakup between standalone and console SPV?

Anil Yadav: Gross level cash balance is close to Rs. 1,450 Crores at console level close to Rs.875 crores at standalone level.

Vishal Sharma: Okay, thank you sir.

Virendra Mhaiskar: Thank you.

Moderator: Thank you sir. We have our next question from Lokesh Garg from Kotak Institutional Equities. Lokesh, please go ahead.

Lokesh Garg: Hi sir good afternoon.

Virendra Mhaiskar: Good afternoon.

Lokesh Garg: Sir, I just wanted to ask you on the toll collection number essentially let us say numbers in the projects like Mumbai-Pune has come in at 4.2% only in terms of Y-o-Y growth. Now this is the lowest number that we have now seen from company last 14 to 15 quarter that it has been reporting, so is that something that one should worry about as a trend incrementally or is that is just this specific quarter had something?

Anil Yadav: No, I think it is more of a blip, I do not think that is a long term problem or anything of that kind.

Lokesh Garg: Sure sir so we can basically hope to remain on 6% trajectory more or less?

Virendra Mhaikar: Yes.

Lokesh Garg: And on Surat-Dahisar also similar question basically adjusted for the toll increase the traffic growth has not there, so is that linked to disturbance at Thane- Ghodbunder or is that linked to broad economic sort of some slowdown issue prop up?

Virendra Mhaikar: No, it is linked to the traffic diversion.

Lokesh Garg: Okay because traffic diversion was now there I think last year also, so to that extent Y-o-Y there should have been still growth?

Virendra Mhaikar : No, but what has happened is the road beyond Vadape that is Vadape-Gonde and (not audible) Gonde both have now become operational, so naturally for any increase in traffic these alternate road although it is a length wise more has provided a good option so with this kind of diversion in place the additional traffic would naturally tend to use the other one.

Lokesh Garg: Okay. And similar this issue at Tumkur-Chitradurga wherein the total toll growth is 2%, so there must have been a toll increase during the year or was that this is not there?

Virendra Mhaikar: The toll increase was there. Yeah, the toll has increased close to 6% from 1 April 2012.

Lokesh Garg: In which case traffic has declined, is it linked to mining ban or something?

Virendra Mhaikar : Yes, yes. It is because of mining bans.

Lokesh Garg: And to the extent that ban sustained you may expect this problem to sustain in tumkur - chirtradurga.

Virendra Mhaikar : For some more time yes.

Lokesh Garg: Sir, although a timeline has been given on Ahmedabad-Vadodara and it is good to hear November as a final sort of timeline but does that reveal something about NHAI process also in terms that I believe the project has stuck on environmental clearance right?

Virendra Mhaikar : No, the environment clearance has been received in this month itself, we have already received the copy of that also. Now there were certain other formalities which are to be completed post the environmental clearance is accorded so as the environment clearance has been now accorded the balance procedure completion is being taking place at NHAI and that is why we said that we will be certainly about to start in December.

Lokesh Garg: Sure. Isn't the process now that incremental projects that that NHAI has to bring up for participation by developers have to have environmental clearance before hand, before the approach CCEA for clearance finally?

Virendra Mhaiskar : Not likely but before the sign up they definitely want to have it in place. Basically the approach looks to be such that they want to have their CPs or conditions precedents fairly in place before they call the developer in which is in a medium term or a long term very good for the developers because then we do not have to wait at a later stage.

Lokesh Garg: Yeah, because in this case they almost made to await for a year right?

Virendra Mhaiskar : Yeah true. That is correct.

Lokesh Garg: Sure, thanks a lot. May be I will come back to question cue.

Virendra Mhaiskar: Sure.

Moderator: Thank you sir. We have our next question from Manish Kumar from SBI Cap Securities. Manish, please go ahead.

Manish Kumar: Thank you for taking my question. Just one clarification. Just on interest cost for good segment it has declined Y-o-Y and quarter-on-quarter also, so can you just give a detail on that?

Anil Yadav: As per clarification dated August 22, 2012 from ministry of corporate affairs, for foreign currency Loan, only interest cost to be charged off to Profit & loss account if company has chosen to capitalize the exchange loss on loan to depreciable assets. Para 4 (e) of Accounting Standard 16 i.e. Borrowing cost is not applicable if currency loss on loan pertaining to depreciable asset charged to Asset.

Manish Kumar: Going forward how are you seeing scenario on the EPC side on NHAI project and what is the chunk of project that you are seeing is coming for awarding in the next two to three months?

Virendra Mhaiskar: The EPC side the NHAI had said that they want to award 2000-3000 km on EPC basis but this would be primarily two-laning projects and as a strategy we would be more concern about the four-lane projects that would come on BOT. we would selectively look at EPC but the strategy would be clearly to look more at BOT rather than doing EPC.

Manish Kumar: And on OMT side also this means that you would not be keen to bid for OMT project also?

Virendra Mhaiskar: No, we have participated in the past and we will continue to do so as far as OMT is concerned but we have experienced that the competition is too aggressive as far as OMT projects are concerned because of a very low CAPEX involved in it.

Manish Kumar: In recent times what we have seen is NHAI has done scope change for projects as well as they have changed a few things on the project to make project attractive so that the developers bid for the projects. So what are the other things that to have seen other than this in order to make award for this BOOT projects in the recent times?

Virendra Mhaiskar: They are definitely rechecking their assessment at the time of bidding but my sense is that I can quote you one example like the port project which was there or even the Eastern Peripheral project which was offered by them I think there is a difference in the cost estimate that they had, the traffic projection that they had and that's the reason for such kind of

like Chandikol-Paradip or Eastern Peripheral they could not receive any response but they had even formally called bidders for an interaction to understand why people are not quoting for it and we shared with them that your cost estimates are historic and they are not inline with the present cost involved in that region nor are the traffic estimates anywhere close to what the reality is but what we feel is happening is unless they go through the same kind of parameters three times they are not in a position to go back to CCA for any amendment so I think that is causing a big time lag for them to revised the same because I believe being a government organization they have to try their best three times before they revise anything so I think that also is taking a toll in terms of time for their bidding pipeline.

Moderator: Thank you. We have a next question from Rahul Medkar from MSSL. Medkar, please go ahead.

Rahul Medkar: Sir could you please share the gross debt on standalone as well as the consolidated entity?

Anil Yadav: Consolidated gross debt is close to 7600 crores and net debt on consolidated basis is close to 6200 crores.

Rahul Medkar: And standalone?

Anil Yadav: I will come back to you.

Rahul Medkar: Sir in the annual report there was a MAT credit entitlement for 218 crores as on FY12 so what is the current figure as on date the credit entitlement that is remaining to be used?

Anil Yadav: I think we will get that number and come back to you may be in the sequence again.

Rahul Medkar: One more question this resurfacing expenses of about 242 odd crores in the annual report, just wanted to know which project this was related to and when do you expect to incur the same?

Anil Yadav: Resurfacing provision pertains to all BOT projects where we have to do the terminal major maintenance at the time of handing over the project to Authority i.e. Mumbai-Pune last year of concession thereafter Bharuch-Surat also last year of concession.

As far your question on MAT credit is concern in books we are having MAT credit entitlement of Rs.136 crores as on September 30, 2012.

Rahul Medkar: Okay so difference you have utilized in first half.

Anil Yadav: I don't think so there is sufficient utilization done in this year.

Rahul Medkar: In the annual report in the section 212 where you give the turnover of the subsidiaries or the SPVs, there is a difference as in turnover say for the Ideal Road Builders is mentioned as 156 which is the Thane-Bhiwandi project whereas the toll collection quarterly is about only 16 crores. Similarly with Mumbai-Pune the turnover is mentioned as 460 so I just wanted to know what is the difference apart from the toll collection what is there which is reported in the turnover in the section 212?

Anil Yadav: As far as this IRBPL is concerned IRBPL is also having the old construction contract like maintenance of the earlier BOT project which are routed through Ideal Road Builders and there are some other income is also coming in the Ideal Road Builders for FD income and other income. So that included in the total income and as far as Mumbai-Pune Expressway is concerned in FY11 we have made a provision of 54 crores for loss on derivative account.

Rahul Medkar: For Bharuch-Surat project?

Anil Yadav: For Bharuch-Surat Project that project we have done some trading activity for that project. We have purchased the material and sold it to our EPC arm because our EPC arm was registered under the composition scheme in Gujarat state and they are not allowed to purchase any material outside the state. That had got eliminated while doing the consolidation.

Moderator: We have our next question from Raj Mohan – Private investor. Raj, Please go ahead

Raj Mohan: Thank you for taking my call and congratulations on a steady set of numbers. I had a couple of queries, like in the past you have mentioned to look at around 3000-4000 crores/annum of order book addition. Just one thing, do you feel your construction revenue will sort of peak out this year. Or do you feel that with your growing execution capabilities, you will be able to enhance your construction order book per annum beyond this 3000 or 4000 crores

Virendra Mhaikar: Our stated targets have been to increase the order book by 300-400 Kms gradually. So long as we are able to stay with that target, I believe that there will be a steady growth that we should see in the construction execution.

Raj Mohan: But then as you move forward, with your enhanced base, obviously you will be capable of achieving more than the 300-400 km. Will you be looking at that opportunity or do you think that you will be having your handful doing this 300-400 itself for the next 3 years.

Virendra Mhaikar: No, we will keep improvising. I don't see that as a constraint in terms of intake of capacity. So we will continue to evaluate as we see the opportunity.

Raj Mohan: So you will continue to seek growth on the construction spade on a year-on-year basis is what you feel.

Virendra Mhaikar: yes

Raj Mohan: The second question is on your BOT. With four BOT projects getting completed in the next 6-9 months. Would it be the realistic to sort of expect revenues growing from the current about of 3.6 crores per day of tolling to closer to about 5.5 crores of tolling in the next year?

Virendra Mhaikar: It should be growing. I can't see the number to it today. But yes as you rightly said, as more projects become operational that number definitely move up substantially.

Raj Mohan: And one final question on the consolidation that has been happening in the industry. Is there a potential for the huddle rate to go higher than the 18-20% that it is currently in it.

Virendra Mhaikar: No I don't think so.

Moderator: We have our next question from Ajit Motwani from Emkay Global. Ajit, please go ahead.

Ajit Motwani: Congratulations on good set of numbers. Sir, just wanted to know, the projects that are qualified for IIFCL, in our portfolio which are certain more projects which can take such funding.

Virendra Mhaiskar: I think Surat-Dahisar is the next project which we are clearly working on, so as per the policy of IIFCL, they can take out around 50% of the debt outstanding for the 1350 odd crores of debt half of it we will be applying for IIFCL for take option I think.

Ajit Motwani: And the rate which you have explained is about 10.6%, is it yearly reset?

Dhananjay Joshi: it's a yearly reset.

Ajit Motwani: So out of the book you know you are saying that Surat-Dahisar will qualify.

Dhananjay Joshi: Yes. Certainly.

Ajit Motwani: And also just wanted to know, the construction status you said on Ahmadabad. It is how much you think you can complete in this financial year? Because your construction is scheduled for this December.

Virendra Mhaiskar: We'll get, around 4 months of periods. So we have mobilized quite well. Let's see, we will not able to put a number today, but we will definitely see good amount of construction happening on that project in this financial year.

Ajit Motwani: And the other thing you said is that you expect your BOT revenues to grow at about 12% the full year, but I think the first half number is somewhere around 7.5-8% So the implied growth for the second half comes at around 14%.

Virendra Mhaiskar: No, what happens here is the rate revision for Surat-Dahisar and Bharuch-Dahisar which are one of the major contributors has happened only in September. So the impact of that will be felt more in the next half.

Ajit Motwani: Can you give us, even the equity that you have invested in the five under construction project.

Virendra Mhaiskar: See, Jaipur-Deoli we have fully brought in the equity. Talegaon-Amravati also the entire equity has been brought in. In fact the Talegaon Amravati we have also received the proportionate grant and Jaipur-Deoli the grant is expected in coming month. So Amritsar – Pathankot and Tumkur-Chitradurga on a proportionate basis equity has been brought in so far.

Ajit Motwani: So how much in Amritsar and Tumkur, how much equity you have invested out of the total commitment?

Anil Yadav: Can I come back to you on this number during the call itself?

Ajit Motwani: Sure Sir. Thanks. This is it from my side.

Anil Yadav: You want basically the balance equity to be brought in. Right?

Ajit Motwani: Yeah.

Anil Yadav: Okay.

Moderator: We have our next question from Vibhor singhal from Phillip Capital. Vibhor, please go ahead.

Vipul singhal: Good evening Sir. I just had one question. You mentioned that we will be refinancing in the Bharuch-Surat project, so what is the amount of loan we have refinanced.

Virendra Mhaiskar: 277 crores.

Vipul singhal: What was the earlier rate of interest that we used to pay on this?

Virendra Mhaiskar: Close to 12%

Vipul singhal: So the remaining loan that we have - that is still at 12% right?

Virendra Mhaiskar: Now it is reduced to 10.65%. The balance is also at 10.65%

Vipul singhal: So the entire loan of Bharuch-Surat is around 740 crores.

Virendra Mhaiskar: No, it is around 540 crores.

Moderator: We have our next question from Shailesh Kanani from Violet Arch Securities Private Limited. Please go ahead.

Shailesh Kanani: I am just concerned about the traffic growth because I believe that many of our projects and witnessing low traffic growth digging out the toll hike. Just to set an example of Tumkur-Chitradurga as well. We started the reason for this of mining ban but I guess we started this project only after the mining ban had taken place. So comparing the period was always after the ban. Have we seen any low traffic estimates or something like that?

Virendra Mhaiskar: You are right as far as the mining ban in Bellary region is concerned. But that has extended beyond that now. Now except NMDC, I think, nobody else is mining in Karnataka. There has been an extended mining ban pertaining to certain other quarries like Tumkur and Chitradurga districts. So that is something which is causing this pressure.

Shailesh Kanani: So as such there is no issue about traffic growth, you are saying.

Virendra Mhaiskar: No.

Shailesh Kanani: Second question will be related our construction revenues. A good amount of order book right now constituting of Ahmadabad- Vadodara and Goa Kundapur projects, which constitutes to something about 60-70% of our total order book. So how you are saying the EPC revenues in coming times – means, when you expect these projects to contribute in FY14?

Virendra Mhaiskar: No, Ahmadabad-Vadodara, as I said earlier we will be starting from December itself. So construction turnover for Ahmadabad –Vadodara will start coming in from this last quarter on this coming year also.

Shailesh Kanani : But this project has been seeing some consistent delay on start of project. So has anything been changed from NHAI's front or any progress happened which ensure that it will start contributing in the 4th quarter?

Virendra Mhaiskar: Yes, the environment clearance which was the major condition precedent which was to be achieved by NHAI, the environment clearance for the project has now been received.

Shailesh Kanani: So, now you see no further delays in the project. And Kundapur project is expected to contribute in FY14?

Virendra Mhaiskar: Yes

Shailesh Kanani: Ok Sir. Thank you.

Moderator: We have our next question from Nitin Arora from Nirmal Bang. Nitin, please go ahead.

Nitin Arora: Just on the ECB thing where we are saying that due to the Ministry of Corporate Affairs now the exchange difference being capitalized into the assets, So the interest cost have gone down. Had it been gone adjusted to the depreciation or?

Anil Yadav: The loan that is taken is for Under Construction projects. Those only for still under construction.

Nitin Arora: So what is the positive impact on PBT? Can you share that amount that has come up?

Anil Yadav: For this quarter, the impact was about 4-5 crores.

Nitin Arora: In the first half is there any amount that we are getting?

Anil Yadav: First quarter - No

Nitin Arora: Ok. Sir On the tax part on the BOT, the tax has reduced significantly, so we have utilized significant amount of MAT credit here?

Anil Yadav: We have, basically as far as this MAT credit is concerned, there in first quarter, as you are aware the advanced tax paid was only 15%. Accordingly MAT credit comes to the extent of advance tax whatever we have paid. And in second quarter we are supposed to pay advance tax of 45%. Accordingly since we have paid that accordingly we have taken the credit in this quarter.

Nitin Arora: Sir, can you tell us if it is possible what is the total MAT credit lying on the books right now?

Anil Yadav: Total net credit to be availed in 136 crores.

Nitin Arora: Thanks a lot.

Anil Yadav: Just I wanted to update some of the earlier questions. Tumkur-Chitradurga balance equity is close to Rs.165 crores and Amritsar-Pathankot is close to 130 crores, which remains to be brought in and debt on standalone level is close to 1350 crores and cash on standalone basis is close to Rs. 875 crores. That is excluding overdrafts.

Moderator: We have our next question from Ms. Dipal from Citigroup. Ms. Dipal, please go ahead.

Dipal: Good afternoon Sir. My question was more on the industry part of it. Now is it fair to assume that given the fact that NHAI has pent up with awarding activity to the second half and most of the large competitors have publicly stated that they will not bid for BOT projects, would you believe that you are in a better place now to kind of win those projects? BOT projects specifically because most of the smaller guys will go in for the EPC right?

Virendra Mhaikar: No idea about every individual is planning to take up things forward but yes our annual target remains in place and we look forward to achieve that target.

Dipal: Second question I had was the acquisition of MVR infra which will now become a part of our numbers from second half right? So what would be impact on top-line and profits for the year?

Virendra Mhaikar: Toll collection in first half was around Rs. 30 crore.

Dipal: Ok. I will come back with more questions.

Moderator: We have our next question from Jitesh from Emkay Golbal. Jitesh, please go ahead.

Jitesh: Good afternoon Sir. Basically my question was as we near the commencement of tolling at Ahmadabad- Vadodara, can we have the latest updated tolling numbers if possible, what are the kinds of traffic terms over there.

Virendra Mhaikar: As I said, we will be starting the activity only in December.

Jitesh: No sir I am just asking about the estimated like, has there been any change in the traffic.

Virendra Mhaikar: It will be difficult to share.

Jitesh: Just a follow up with the earlier question, Sir just wanted to understand there is one project Pune-Nasik where we were due for some toll hike in this quarter, if I am not wrong. Has it already been achieved and what will be the rate like?

Virendra Mhaikar: It happens every two years. We will come back to you on that.

Jitesh: Thirdly just a macro related NH question, I just wanted to understand, there were a lot of projects which were awarded in February–March last year. And they would be coming up for the kind of financial closure deadline for the first 6 months which is given by NH. So as per your expectation do you see a lot of projects going back to NH for players who are not able to achieve financial closure?

Virendra Mhaikar: Yes, heard about that there are around 20+ projects where the financial closure is yet not reported. But we don't have any specific official update as regards the status of

these projects has to, whether they will be given any extra time or what will be the strategy that would adopt on this. So would not be fair on my part to comment on that.

Jitesh: Ok, Perfectly fine sir. That will be it from my side.

Moderator: We have our next question from Abhinav Bhandari from Elara Capital. Abhinav, please go ahead sir.

Abhinav: Hi Gentlemen. Could you update on the ECBs now on the under construction projects. How much have we availed on individual project wise?

Virendra Mhaiskar: Yes. Tumkur – Chitradurga 300 crores. Amritsar-Pathankote 150 crores. Jaipur-Deoli 200 crores. And there is one none in case of Talegaon-Amravati.

Abhinav: And how much of CAPEX we would have done in MRMPL in the first half and what is the scheduled for the second half?

Anil Yadav: Close to Rs. 8 to 10 crores but not more than Rs. 5-7 crores in the second half.

Abhinav: Right. And update on the Sindhudurg Airport project? When do we expect to begin the construction there?

Virendra Mhaiskar: We are still awaiting a few more small clearances. So may be in a month or two.

Abhinav: So you are confident that this construction will come in this financial year itself.

Virendra Mhaiskar: Yes, little bit of it.

Abhinav: So that would be routed through MRMPL or how that would happen?

Virendra Mhaiskar: Yes that's correct.

Abhinav: Some numbers on the first half performance of MVR, if you have the numbers handy.

Virendra Mhaiskar: Toll revenue is Rs. 30 Crore for half year.

Abhinav: Thank you.

Moderator: Thank you Sir. We have the next question from Devang patel from Aventis. Devang, please go ahead.

Devang Patel: Hi Sir, if you look at the interest cost for the BOT segment, it has come up to about 18-19 crores this quarter since March. Other than the Baruch-Surat project cost coming down, has there been rates negotiated across some other projects because the debt seems to be similar since March.

Anil Yadav: Yes there is Rs. 4-5 crores impact of the change in the accounting norms and new circular issued by the MCA.

Devang Patel: This impacts the BOT segment?

Anil Yadav: Yes, definitely.

Devang Patel: And you mentioned that the balance 50% also the rate is down to 10.6%, so have you been able to negotiate with banks...

Virendra Mhaiskar : Yes, bankers rate is also at 10.6%. For Bharuch-Surat, when we refinance it from IIFCL from 10.6%, the balance debt interest rate has been brought down by the existing bankers to the same rate.

Devang Patel: Sir therefore would you find the bankers now being more agreeable to negotiating rates in other projects as well?

Virendra Mhaiskar: It's more of case-to-case basis. I mean what is your debt service coverage ratio and how is the project cash flows. I can't say that generally, it will be for every project, but yes depending on the cash flow they will be willing to look at it with better rate.

Devang Patel: And there would be some interest free loans to the projects from parent also?

Virendra Mhaiskar: Yes

Devang Patel: Sir Kolhapur project, you mentioned that we will start tolling. Will this be for 100% or partial?

Virendra Mhaiskar: No, it will be for 100% I believe.

Devang Patel: Sir on the EPC project that would be coming up , you have said in earlier call that you will await to see what the payment terms are before you decide to bid for them, is there any clarity now at you end or how these projects will be

Virendra Mhaiskar: Not really

Devang Patel: That's what from my side Sir. Thank you.

Moderator: We have our next question from Ashish Shah from IGSI securities, Shah, please go ahead.

Ashish Shah: Just one question, on your Kolhapur project, what happens to the interest cause? I mean are you accounting for any interest cost in that project pending , you know toll collection or you are capitalizing that with the project cost.

Virendra Mhaiskar: It's being capitalized.

Ashish Shah: So it is still getting capitalized.

Virendra Mhaiskar: We haven't received the commercial operation date.

Ashish Shah: So in that case, will the total project cost, will go up.

Virendra Mhaiskar: Yes to the extent of interest capitalized gains.

Ashish Shah: Sir if you can help me with the approximate project cost.

Virendra Mhaiskar: The outstanding debt at the moment of the project is about 250 crores.

Ashish Shah: Ok. Fair enough Sir. Got it.

Moderator: We have our next question from Akshay Soni from Morgan Stanley. Akshay, please go ahead.

Akshay Soni: Yeah Thanks. Actually my questions have been answered.

Moderator: We have our next question from Parikshit from Karvy Stock Broking.

Parikshit: Just wanted to reconcile this other income standalone, which is around 55 crores and consol is already 33 crores.

Anil Yadav: In stand-alone we have received a dividend declared by the subsidiary and that was eliminated while doing consolidation.

Parikshit: But historically, the consolidated income has always been higher than Standalone, So is there any exception loss or anything in other subsidiaries on its

Anil Yadav: If the subsidiary will declare the dividend, then that will defiantly get eliminated. The consolidated income can be lower than the standalone.

Parikshith: Ok that's it.

Moderator: Ladies and Gentlemen, for any further question, please press * and 1 on your phone. We have a question from Nitin Arora from Nirmal Bang. Nitin, please go ahead.

Nitin Arora: Just one question. Can you share the quantum of the MAT credit that you have utilized for this quarter?

Anil Yadav: Close to Rs. 12 crores for this quarter.

Nitin Arora: Thank you sir.

Moderator: We have a question from P. Khurana from B&K Securities. Khurana, please go ahead.

P. Khurana: Most of my questions are answered. Just one question on MVR acquisition. When we enter in to MOU for this acquisition in the month of April-May, the sending was making loses. So how are the things now? Has it changed?

Anil Yadav: As far as MVR is concerned, MVR was having cash loses. Their losses were mainly because of the amortization, high interest cost and third thing was the defer tax.

P. Khurana: So, how the things are now? In terms of interest cost or in terms of traffic flow, has it improves or not?

Virendra Mhaiskar: As far as traffic is concerned, there was a growth of about 7-8% historically also. There was no issue with regard to the traffic. Only they were charging amortization on state line basis. That has resulted in huge loss in the initially.

P. Khurana: So, how much of the debt on the books of MVR acquisition as of now.

Virendra Mhaiskar: I think it is close to Rs. 220 crores.

P. Khurana: Sure Thanks. That's it from my side.

Moderator: Ladies and Gentlemen, for any further question, please press * and 1 on your phone.

Virendra Mahiskar: I believe there is none left now. So I think we can close the conference call. I would like to thank you all for joining this IRB conference call to discuss the Q2 of FY13 results and participating in question and answers. We would like to thank all of you once again and close this conference call. Thank you.

Moderator: Thank you Sir. Ladies and Gentlemen, This concludes the conference for today. Thank you for your participation and for using Tata Docomo Conferencing Services. You may please disconnect your lines now. Thank you and have a pleasant evening.