

IRB Infrastructure Developers Limited Q2 FY15 Results Conference Call
November 05, 2014; 4 p.m.

- Moderator** Good Afternoon, Ladies and Gentlemen. Welcome to the IRB Infrastructure Developers Conference Call hosted by the company for the Unaudited Financial Results for Q2 FY'15. We have with us today, Mr. Virendra Mhaikar – Chairman and Managing Director; Mr. Anil Yadav – Group CFO; Mr. Dhananjay Joshi – CEO, Realty & 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 would now like to request Mr. Mhaikar to give an overview of the significant developments during the quarter. Thank you. And over to you sir.
- Virendra D. Mhaikar** Good Evening to all of you. I would like to welcome you all for this Conference Call on the Results Update. Now, towards the business development, during this quarter, we have seen one more major project coming our way which was Operation & Maintenance of Mumbai-Pune Expressway and Mumbai-Pune section of NH-4 which involves additional works on Mumbai-Pune section and paying an upfront amount of about Rs.1,000 crores in 4 phases to MSRDC. This would give us an incremental concession period of around 4.5 years beyond our existing concession period. Apart from that, we have also signed the concession agreement for this particular project. We have also achieved financial closure for the Solapur-Yedeshi project by tying up a debt of around Rs.900 crores. Process for achieving financial closure for Yedeshi-Aurangabad and Kaithal project is in advanced stage.
- The order book of the company now stands at Rs.11,600 crores, out of which Rs.9,650 crores is to be executed in next 3 to 4-years. On the execution front, we had three projects which were under implementation during the quarter. Construction on the Ahmedabad-Vadodara project and construction on the Goa-Kundapur project have largely contributed to the construction revenue this quarter. Construction revenue has declined by 22% in Q2 of FY'15 as compared to the trailing quarter, as it was a monsoon quarter. Construction segment operating EBITDA remains at 33% during the quarter. On Operation front, we have received tariff revision for some of our projects such as Bharuch-Surat and Surat-Dahisar in terms of the reliable concession agreement provision. We have seen around 5.5% to 6% tariff revision in these projects. These factors along with uptick in traffic which normally impacted by the level of economic activity have contributed to the increase in the overall Toll revenue during this quarter. Average cost of debt during the quarter remains close to 11.25% and net debt-to-equity stands at around 2.83:1. We stand prequalified to bid for approximately Rs.30,000 crores of road projects. We will participate in BOT project bids on the basis of viability and returns going forward.
- I would also like to state that in calendar year 2014, so far we have won 4 projects which aggregate size of Rs.6,680 crores. We envisage that equity requirements for these projects will be in the tune of Rs.3,200 crores over the next 3 years. The company enjoys healthy cash flows and healthy balance sheet. With improved execution and steady cash flow acceleration from the existing projects, we feel confident to keep pace with the growth momentum. Further with government's stated focus to promote an urban infrastructure development, we feel it prudent to have in place an enabling resolution for raising funds by issue of securities and hence will be seeking shareholder approval as required by applicable law. However, no one can predict when the financial markets will be conducive to raise capitals. Hence we have to also seek shareholders approval to raise debt at holding company level. So, depending upon the extended timing of requirement of funds and the availability of debt capital or equity capital or both, we will exercise our options suitably. With this, I would now request Anil Yadav to give the financial details of this quarter.
- Anil D. Yadav** Thank you, sir. Total consolidated income for Q2 of FY'15 stands at Rs.912 crores from Rs.967 crores, registering a decline of 6% over Q2 of FY'14. The consolidated revenue for Q2 of FY'15 has gone up to Rs.435 crores from Rs.277 crores, registering growth of 57%. While consolidated total Construction revenue Q2 of FY'15 stands at Rs.477 crores from Rs.690 crores, a decline of 31% over Q2 of FY'14. EBITDA for Q2 of FY'15 has gone up to Rs.552 crores from Rs.450 crores, registering growth of 23% over Q2 of FY'14. Interest cost has also increased by 29% to Rs.227 crores in Q2 of

FY'15 from Rs.176 crores in Q2 of FY'14. Depreciation has also gone up by 45% to Rs.180 crores in Q2 of FY'15 from Rs.124 crores in Q2 of FY'14. As a result, PBT was also slightly down to Rs.145 crores in Q2 of FY'15 from Rs.150 crores in Q2 of FY'14, a decline of 3%. Post minority interest, the PAT for Q2 of FY'15 stands at Rs.122 crores as compared to Rs.107 crores for Q2 of FY'14, registering growth of 14%.

Now, I will present the financial analysis of half year FY'15 Vs half year FY'14. Total consolidated income for half year FY'15 stands at Rs.1,949 crores from Rs.2,029 crores, a decline of 4% over first half of FY'14. Consolidated toll revenue for half year FY'15 has gone up to Rs.866 crores from Rs.561 crores registering growth of 54% while consolidated Construction revenue for half year FY'15 has come down to Rs.1,083 crores from Rs.1,468 crores, a decline of 26%. EBITDA for half year FY'15 has gone up to Rs.1,141 crores from Rs.934 crores, registering growth of 22% over first half of FY'14. Interest cost has also gone up by 30% to Rs.443 crores in first half of FY'15 from Rs.342 crores in first half of FY'14. Depreciation has also gone up by 45% to Rs.356 crores in first half of FY'15 from Rs.246 crores in first half of FY'14. PBT stands at Rs.342 crores in first half of FY'15 from Rs.347 crores in first half of FY'14, registering a fall of 1%. PAT before minority interest for FY'15 stands at Rs.273 crores as compared to Rs.241 crores for first half of FY'14, registering growth of 13%.

Now, I will open the session for the question-and-answers.

Moderator	Thank you, sir. Ladies and Gentlemen, 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. We have the first question from the line of Shravan Shah from Karvy Stock Broking. Please go ahead.
Shravan Shah	Sir, can I get the EPC revenue breakup for Ahmedabad, Goa?
Anil D. Yadav	Construction revenue breakup close to Rs.335 crores was the contribution from Ahmedabad-Vadodara project, and approximately Rs.70 crores from the Goa-Kundapur, and Rs.34 crores was contributed from SY BOT.
Shravan Shah	How much was the other income included in EPC segment?
Anil D. Yadav	Other income for this quarter is close to Rs.26 crores.
Shravan Shah	What was the last year?
Anil D. Yadav	Last year it was Rs.24 crores.
Shravan Shah	Sir, in terms of the equity infusion, how we are planning and in terms of year wise if you can give a break up in terms of this year and next 2 years?
Virendra D. Mhaikar:	The overall equity requirement as I mentioned earlier in the call is around Rs.3,200 crores and this is spread over next 4 years period. So, as the work progresses this will be infused in time.
Shravan Shah	But roughly, this year, next year at least if you can give some figures?
Anil D. Yadav	We'll be infusing approx Rs.1,100 crores in FY15, Rs.1,000 crores in FY16, Rs. 900 crores in FY17, Rs.200 crores in FY 18.
Shravan Shah	And sir in terms of the financial closure, what was the interest rate?
Virendra D. Mhaikar	Interest rate is around 11.75%.
Shravan Shah	And in terms of the rest to financial closure, will it be before this December?

Virendra D. Mhaiskar	Yes, the balance would be before December.
Moderator	Thank you Mr. Shah. We have the next question from the line of Amit Sinha from Macquarie. Please go ahead.
Amit Sinha	My first question is on the Construction business. Was the decline only on account of monsoon or there were other issues also?
Virendra D. Mhaiskar	No, no primarily it was monsoon and we had also expected Yedeshi-Aurangabad to get achieved the financial closure a bit earlier and probably that also would have started. Even Solapur-Yedeshi vis-à-vis our business plan got delayed by around one, one-and-a-half month. So, there also we could not do substantial work because of the onset of monsoon. So, these were the prime reasons. So, I can say this is more of a delayed execution, nothing more than that.
Amit Sinha	Any of the new projects expected to start execution in FY15?
Virendra D. Mhaiskar	Yes, as I said, we would be achieving financial closure for the balance two projects also by end of this calendar year, upon which the work on those two projects also should start.
Amit Sinha	Any revenue number which you would like to guide for the Construction business for FY15?
Virendra D. Mhaiskar	No, we cannot give any guidance at this stage, but if the other two projects start, then we do not see a reason for overall decline on a year-to-year basis.
Amit Sinha	Sir, on the BOT basis, what will be the portfolio traffic growth for the quarter?
Virendra D. Mhaiskar	There we have some good positive indications from what numbers we have been able to realize. So, we have seen around 6% growth across most of the major projects.
Amit Sinha	Pathankot-Amritsar, when is the Tolling expected to start?
Virendra D. Mhaiskar	Pathankot-Amritsar, the certification at the site level has been done and for the requisite approval which was placed with the executive committee of NHAI which we have been told that has approved, and now certain minor items which they had listed in the approval to be completed before the tolling is to be commenced, those are now being completed. So, with that in a month's time, we believe we should be able to start the Toll because the approval process per se has been completed.
Amit Sinha	On the Jaipur-Deoli, what is the current run rate of Toll Collection per day?
Virendra D. Mhaiskar	We are collecting close to Rs.30 lakhs presently per day.
Moderator	Thank you Mr. Sinha. We have the next question from the line of Devang Patel from ILFS. Please go ahead.
Devang Patel	On the Bombay-Delhi Highway stretch, now the government has implemented electronic tolling. Can you just comment on what kind of impact you expect this to have on us maybe in terms of cost or any other aspect?
Virendra D. Mhaiskar	It is too early, this is a pilot which has started and we really need to give time for it to stabilize, so we cannot comment on that our saving that will accrue instantaneously.
Anil D. Yadav	But certainly, there will not be any additional cost on the company.
Devang Patel	On the Kolhapur project, we have not seen its normalized yet. So as of date as that project again the Toll revenues are continuing to pick up or what is...?

Virendra D. Mhaiskar Yeah, over time we are seeing project would have the million times of revenue collection.

Devang Patel Sir, on the Toll growth, nominal numbers are in a wide range, but if you can break it down into a one generic blended traffic growth, what it is...?

Virendra D. Mhaiskar It should be around 6%.

Devang Patel How do you see this scaling up next year?

Virendra D. Mhaiskar I will just read out some key numbers to you. I am not sure whether you have seen our presentation which is on the website. In September quarter, we have seen around 24.3% revenue increase on Bombay-Pune, out of which 18% happens to be by way of tariff revision. So, the balance 6.3% can be attributed as a traffic growth rate. In Surat-Dahisar, as I said earlier around 5.5%, 6% was the tariff growth, but the revenue growth seen here is around 14%. In Tumkur-Chitradurga also 12.72% has been the revenue growth, Bharuch-Surat also 12.85% has been the revenue growth, Thane-Bhiwandi without any tariff increase has been around 11%, Thane-Ghodbunder again without any tariff revision it has been around 12.98%.

Devang Patel The next question was on the pipeline coming up. Minister has been talking about a very ambition program, but have you seen the RFP dates coming through, a lot of projects gathering in the pipeline?

Virendra D. Mhaiskar Of late, yes we have seen lot of RFQ, RFP dates being released by NHAI. Yes, we have seen uptick on that.

Devang Patel So how much ordering would you expect to take place between now and March?

Virendra D. Mhaiskar The best way to determine that is to look at NHAI website.

Devang Patel So some 4,000 plus kilometers are there. Do you expect this to go through or would you think that normally we have seen some dates getting postponed and some date...?

Virendra D. Mhaiskar It would not be fair on my part to be judgmental on that.

Devang Patel For the remaining two projects, when do we expect appointed date?

Virendra D. Mhaiskar As I said we expect to achieve the closure by end of this calendar year. So, immediately upon the happening of the same, we should get the appointed date.

Devang Patel And mobilization would have started...?

Virendra D. Mhaiskar That is already underway.

Moderator Thank you Mr. Patel. We have the next question from the line of Ashutosh Narkar from HSBC. Please go ahead.

Ashutosh Narkar Two questions. One is last month back when we met you, you said that there are no near-term plans to raise capital and you said this is an enabling resolution and you had also said that you can fund projects up to around Rs.5,000-6,000 crores. So where do we stand relative to, do you think this is going to or this is just an enabling resolution and unlikely there is going to be a dilution at least in the near 6-8 months time? That is one. The second one is if I could get some sense about the total duration right now outstanding?

Virendra D. Mhaiskar Debt duration as I said will be project-to-project different, but on an average I can say that usually, the door-to-door tenure of the debt vis-à-vis the concession period is around 65% to 70%, and as I correctly remember, we had said that we certainly have the ability to fund the existing project that the company has bagged. So, this enabling resolution is from a perspective of whatever visibility we

	are seeing in the sector today. Not that it is a situation that we cannot fund this present project per se.
Ashutosh Narkar	Would it be fair to assume that the outlook has improved dramatically probably 1.5 or 2x of what we were seeing earlier?
Virendra D. Mhaiskar	Yes, we do see interesting times ahead.
Moderator	Thank you Mr. Narkar. We have the next question from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
Vibhor Singhal	I just had a couple of questions. One is sir the order book break-up, as I see in the presentation also includes the Mumbai-Pune Expressway Project, around Rs.700 crores of cost. So this has to be executed once the Phase-I gets over, right, or does the construction start within the next 6 or 12 months, what is the timeframe of that?
Virendra D. Mhaiskar	The upper limit of achieving the financial closure for this project is 31 st March 2015 and in one-and-a-half year's time we have to execute this CAPEX, and the upfront payment is to be made over 4 years starting April '15 Rs.100 crores, January '16 Rs.100 crores and then January '17 & '18 Rs.400 crores each. The Tolling rights, as I mentioned would be from August 19 th , i.e. post completion of our existing contract for a further period of around 4.6 years.
Vibhor Singhal	The CAPEX that you mentioned will be 1.5 years from the financial closure date, right?
Virendra D. Mhaiskar	Yes, whenever it happens, if it happens earlier then some part of that can get built this year or else in the next year.
Vibhor Singhal	My second question is on the overall margins for the Construction business. So if I look at the EPC margins for this quarter, we are at around 35%, I know there is other income also included in that. But if I compare it to the early quarters also so we have been consistently expanding our EBITDA margins from 31-35%. So what do you think is the sustainable level that probably where we would be able to take them and there would be heavy kind of stable margins that we can expect?
Virendra D. Mhaiskar	EBITDA margins would continue to remain in the same range is what we believe, because we have also seen trends of crude price falling which is affecting the key raw materials like diesel, bitumen, etc. So, we do not see any reason for the EBITDA margins to be under pressure.
Vibhor Singhal	My last question is just in case, we have seen NHAI coming up with a lot of positive developments, but they too have seen muted interest from developers in terms of BOT projects. So were it to happen that the BOT projects pipeline that NHAI comes up with is not lucrative and we do not see the kind of IRRs that we have as a hurdle rate coming from them, are we open to let us say bidding for the EPC projects also which will be there from NHAI?
Virendra D. Mhaiskar	I believe this is a hypothetical question because there are many projects which seem to be interesting at this point in time, not every project would be an unviable project, that would be too bit of an exaggeration. So, we will exploring the possibility as it comes.
Vibhor Singhal	You mean to say that there are enough projects which are lucrative in terms of BOT as well?
Virendra D. Mhaiskar	That is correct.
Moderator	Thank you Mr. Singhal. We have the next question from the line of Parvez Akhtar from Edelweiss Capital. Please go ahead.
Parvez Akhtar	In which month do we get the toll revision for the Namakkal project and what has been the quantum of toll hike for FY15?

Anil D. Yadav	The rate revision happens 1 st of September and it was in range of 5.5% kind of thing.
Moderator	Thank you Mr. Akhtar. We have the next question from the line of Sumit Kishore from J.P. Morgan. Please go ahead.
Sumit Kishore	If you could please comment around the overall equity requirement of Rs.34 billion that you mentioned over the next 4 years in conjunction with your current net debt-to-equity of 2.83x, what do you believe is the balance sheet band with in terms of taking on new projects with the existing CAPEX commitment that you have?
Virendra D. Mhaiskar	I would put it this way that the existing project commitment as I have stated earlier can certainly be met out of the existing cash generation that the company would be having over a period of 4 years. How much incremental we can do would depend on the timelines in which we win the projects, because usually you know that once one wins the project, it takes at least 12 to 14 months process to get the SPV in place, agreement to get signed and 6 months financial closure period and actual execution to start. So, further equity requirements and the means of funding that will hinge on the fact as to what is the timeline for the next project that we get.
Sumit Kishore	But if you were to say over the next 12 months?
Virendra D. Mhaiskar	Over the 12 months period, for any new project to start, we have to get some more projects before end of March, then the equity requirement can certainly go up which can stretch the balance sheet debt-equity to a range of around 3.3:1.
Sumit Kishore	I know it is a hypothetical question, but does 3.3 sort look like a ceiling in terms of the net debt-to-equity ratio that you would like to see in the near-term?
Virendra D. Mhaiskar	Cannot comment on it specifically, it will all depend upon what visibility you see in terms of winning new projects.
Sumit Kishore	At least from the commentary that we hear from NHAI, it still appears that EPC is going to be the predominant roof for awarding projects?
Virendra D. Mhaiskar	Frankly speaking, no, we do not think so.
Sumit Kishore	So would you say that EPC is to BOT over the next six months is likely to be 60:40 or even more shrewd in favor of BOT?
Virendra D. Mhaiskar	Cannot put a number to it, but from the recent commentary what we have seen and heard, it now seems that they certainly want to look at viable projects being offered on BOT rather than taking them up on EPC. So, our understanding is that there would certainly be an attempt to at least break those projects into smaller segments to see whether those can be sold as BOT projects. So, I do not see that all of that would go as BOT. The reason why I say this is in the last 3,4 days there have been certain projects which are now on the NHAI website for RFQ which were earlier being thought to be taken up on EPC, but have now been advertised on BOT.
Moderator	Thank you Mr. Kishore. We have the next question from the line of Atul Tiwari from Citigroup. Please go ahead.
Atul Tiwari	Sir, my first question is on the traffic growth that you mentioned. Is there some kind of seasonality also in this quarter's number, because if I look at the Toll Collection growth on some of the key roads on a quarter-on-quarter basis, despite tariff hikes in Surat-Dahisar and Bharuch-Surat the Toll Collection is flat on a quarter-on-quarter basis. So it appears that the traffic has declined on a quarter-on-quarter basis. Is that a fair interpretation or is there something more to it?
Virendra D. Mhaiskar	Atul, thank you for speaking to us and understanding the details about the company. As regards the growth is concerned, there is certainly a seasonality factor, which in monsoon you would normally

	have a muted traffic movement, and that certainly would be visible in the numbers, but the right way to compare it would be with the corresponding quarter last year.
Atul Tiwari	What would be the total gross debt and net debt consolidated at the quarter-end?
Anil D. Yadav	Gross debt is Rs.11,924 crores and net debt is Rs.10,629 crores.
Atul Tiwari	Just one last bit of clarification in notes-to-accounts, so out of Rs.96 crores of revenue share and premium, which has been accrued to NHAI, Rs.35 crores has been taken to the balance sheet, so this Rs.35 crores relates to Ahmedabad-Vadodara and TC project for which you got premium deferment?
Anil D. Yadav	Yes.
Atul Tiwari	So the entire premium relating to these two projects is being taken to the balance sheet, is that...?
Anil D. Yadav	Yes, it is taken to the balance sheet and the same is amortized over a period of the concession.
Virendra D. Mhaiskar	Atul, just to add to my earlier answer, if you have the presentation with you, if you look across the earlier 4 years data, you will observe that June quarter vis-à-vis September it is always flat, you do not see a rise in revenue number in the September quarter vis-à-vis June considering the monsoon. In some projects, we have even seen that going down below the June number, but what looks promising to us at this point is that in this quarter, at many places, we have seen the revenue in September quarter being excess of June quarter which was a busy season.
Atul Tiwari	So, for example, in some project like Talegaon-Amravati on a Q-o-Q basis, there is a fair amount of dip. So, there is nothing more, it is just a seasonality which is playing out?
Virendra D. Mhaiskar	Yes, because if I look at Bombay-Pune against Rs.135 crores revenues, this quarter has been Rs.136 crores, on Surat-Dahisar it is against Rs.131 crores, it is flattish, on Tumkur-Chitradurga against Rs.44 crores, it is Rs.45 crores. So, it is slightly on the upper side on the major projects.
Moderator	Thank you Mr. Tiwari. We have the next question from the line of Akshay Soni from Morgan Stanley. Please go ahead.
Akshay Soni	Just to basically add to your comment that visibility has gone up which is why you are looking to raise either equity or debt, just wanted to find out what the new numbers might be in terms of kilometers that you would be looking for, earlier you had said that roughly 300-400 kilometers a year is what the company would look to bag. Has that number changed significantly?
Virendra D. Mhaiskar	It may change considering the visibility in the market today.
Akshay Soni	Would you be able to put in any numbers on that in terms of what you would be looking at for the next year...?
Virendra D. Mhaiskar	That would be too early to do, Akshay.
Akshay Soni	Just one thing for Anil sir, could you just give the breakup of the other income on Construction and BOT please?
Anil D. Yadav	In this quarter, Construction other income was close to Rs.26 crores and BOT was Rs.3 crores.
Moderator	Thank you Mr. Soni. We have the next question from the line of Amit Sinha from Macquarie. Please go ahead.
Inderjeet	This is Inderjeet here. This is regarding the traffic growth that you mentioned around 6% odd. Can you characterize is it entirely Commercial-driven or has it also seen some kind of a Passenger traffic

and going into the season we have seen in October also, has the commercial traffic growth also kind of kept pace and continue to kind of grow, can you clarify on that?

Virendra D. Mhaiskar If you look at the traffic pattern vis-à-vis projects, Bombay-Pune has predominantly more of Passenger Car Vehicles where we have seen around 6.3% traffic growth against that if I look at the other major one that is Surat-Dahisar, there we are seeing 40.19% revenue growth out of which, if I remove 6% that is almost 8% traffic growth, now, out of that I would say Surat-Dahisar has more of Commercial traffic, the mix would be around close to 60% Commercial traffic. So, yes to an extent, we have seen pickup in the Commercial activity movement.

Inderjeet Second, Mr. Anil, if you could just highlight which of our roads are coming up for a major maintenance in the next 12 months or so and what could be the quantum that we need to spend on that?

Anil D. Yadav Next major maintenance is due on the Bharuch-Surat and MVR project. Both projects put together, the quantum will be somewhere in range of Rs.60- Rs.70 crores and that will be carried out will start by end of this year and will be carried out till FY'16.

Inderjeet On the Mumbai-Pune, does the current concession agreement have clauses around peak capacity utilization and if the peak capacity is kind of hit what kind of action can be taken by the government if you could just clarify on that?

Virendra D. Mhaiskar No, these are older concessions which do not have those kind of technical nuances, it is a pretty simple concession agreement.

Inderjeet Even the new one that you have won for the extension is the same agreement?

Virendra D. Mhaiskar No, it is a more evolved one but I do not think there are any covalence with regard to traffic cap getting hit and what will be the mechanism for that.

Moderator Thank you Mr. Sinha. We have the next question from the line of Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah Sir, why is the tax rate for the EPC business little lower than what we have historically seen?

Anil D. Yadav The tax rate for EPC will remain more or less in the line of what we have historically seen, there would have been a slight reduction because of the earlier deferred tax liability created and now those are getting reversed. Apart from that there is no much change in the tax liability, but only thing is that now the PBT mix has changed, now the Rs.87 crores PBT is coming from the BOT and Rs.57 crores is coming from the Construction, and on BOT side, the tax rate is lower. That on overall company profitability, overall tax rate has reduced.

Ashish Shah Also, sir, can you comment on news flash which had come a couple of days back on the Versova to Bandra link, we were sort of highlighted to be one of the interested bidders?

Virendra D. Mhaiskar Yes, I had seen that particular caption and that was quite enthrusing. I do not know what was the intent in highlighting because it is too premature to my mind. It is a fact that we have put in a RFQ for the project but that was sometime back and we really do not know when they would be wanting to execute this project, whether it would be viable or not, because we have not received any inputs on that project since we have applied for the RFQ.

Moderator Thank you Mr. Shah. We have the next question from the line of Mr. Nitin Arora from Emkay Global. Please go ahead.

Nitin Arora Sir, can I have the debt numbers and cash balance for MRM?

Anil D. Yadav	MRM and IRB put together will be basically roughly close to Rs.2,000 crores kind of debt, and cash will be roughly close to Rs.1,000 crores.
Nitin Arora	This you said MRM & IRB in standalone, right?
Anil D. Yadav	Yes.
Nitin Arora	People though talked about the equity requirement perspective, I just want to know what is the equity requirement left in Ahmedabad-Vadodara and Goa-Kundapur?
Anil D. Yadav	Ahmedabad-Vadodara left out is close to Rs.425 crores and Goa-Kundapur left out is close to again Rs.500 crores.
Nitin Arora	In the Mumbai-Pune extension for financial closure, what would be the debt equity mix?
Virendra D. Mhaiskar	We are still in dialogue with the lenders and cannot confirm that today. I do not think it will be more than 70:30, there is a possibility that we may get a better mix.
Nitin Arora	Just want to get a sense on Amritsar-Pathankot though it will start, but have you seen some uptick there on what is the average Toll Collection?
Virendra D. Mhaiskar	Cannot give you a number today till the Toll starts.
Moderator	Thank you. We have the next question from the line of Chockalingam Narayanan from Deutsche Bank. Please go ahead.
C Narayanan	Any changes in the dividend policy?
Virendra D. Mhaiskar	No.
C Narayanan	So, if you can just remind us what is the stated one on that?
Virendra D. Mhaiskar	Around 20% of the PAT margin is what we as a policy distribute at least as a dividend on a yearly basis, and for this year, we have already distributed 20%.
Moderator	Thank you. We have the next question from the line of Saurabh Mishra from Barclays. Please go ahead.
Saurabh Mishra	First, on the secondary market project activity, just wanted to understand, given traffic revival at least it appears has started happening, have you seen any change in the projects that are offering in the secondary market and your perception about them?
Virendra D. Mhaiskar	Saurabh, secondary market, if I understand you right, you are talking about stress project being sold by other developers, there continues to be some traction or the other on that front, but as I said earlier, we have got a very stable order book for next 4 years and with winning of these 4 projects that we have done over last 6 months, there will be very little appetite unless it is extremely compelling to get into any of this kind of an activity for now.
Saurabh Mishra	Second on tax front, again, basically on your BOT segment side, so if I basically see your tax level, it is close to around 6% odd only and even if I adjust for your MAT adjustment, overall tax rate only comes to around 24% odd. What led to the tax rate raise here in BOT?
Anil D. Yadav	BOT anyway we are only required to pay MAT, MAT rate is close to 20%.
Saurabh Mishra	But in previous quarters, the tax rate used to be close to 11-12% odd?

Anil D. Yadav	Sir, it depends upon the mix of the profitability coming from the project and as there is more visibility with regard to the MAT credit and other things, those numbers are subject to change by 1% or 2%.
Saurabh Mishra	What were the toll hikes that you have taken this quarter and the quantum?
Anil D. Yadav	Bharuch-Surat was revised from 1st of July close to 5.5%, Surat-Dahisar and this Namakkal project that has got revision from 1 st of September, that was also close to 5.5%.
Moderator	Thank you Mr. Mishra. We have the next question from the line of Vishal Sharma from BNP Paribas. Please go ahead.
Vishal Sharma	Any color on what kind of competition are you seeing in today's BOT bids?
Virendra D. Mhaikar	We are seeing fairly okay competition, Vishal.
Vishal Sharma	Is it like more or less or what kind of new players or international players, anything that you are expecting?
Virendra D. Mhaikar	Not yet seen on ground, but at least 6 to 7 developers remain active from the Indian context.
Vishal Sharma	Second question is on the traffic growth that you have witnessed during this quarter. Do you think severe, what do you call push towards banning all the overloading of the trucks have something to do with this kind of traffic growth?
Virendra D. Mhaikar	That would be an interesting analogy to study. We have not conducted any such survey to actually find out whether the reason for that is overloading. But, off hand giving a judgment on that would be difficult, whether it is real economic uplift or whether it is because of banning the overloading, because banning of overloading has been happening for last more than a year.
Vishal Sharma	Correct, but I believe it has been a little most strict in the last three-four months or so and we have seen a big increase in the trucks basically the new truck getting ordered?
Virendra D. Mhaikar	In fact, to my mind it is not being effectively done in the last 3 or 4 months and we have actually taken up this issue very seriously particularly in Rajasthan, where a lot of overloading is still allowed and that is something which is a concern which has been raised across the concessionaire with the state government.
Vishal Sharma	In terms of this E-Tolling and this new issue which is by the new minister, what are the roads that will all fall in that, is just on the Mumbai-Delhi or even like everything that is across?
Virendra D. Mhaikar	E-tolling is now being made as a standard feature, all new concession agreements have a provision that each toll plaza has to have at least one lane of ETC on each direction. So, this will be a continuously improving affair where they would like to bring most of the toll plazas under the e-type payment mechanism.
Vishal Sharma	For Anil, I know he broke down the debt between BOT and non-BOT and cash. Can you please repeat that, I missed that?
Anil D. Yadav	Close to Rs.2,000 crores in the standalone in Modern Road Makers and IRB and cash is close to Rs.1000 crores.
Moderator	Thank you, Mr. Sharma. We have the next question from the line of Vaibhav Jain from Credit Suisse. Please go ahead.
Lokesh	This is Lokesh. Sir, just want to ask you from a sector perspective among the FY12, something like 50 projects were awarded and something like let us say 35 or so got stuck on clearance issues and then

viability issues as slow down sort of panned out, some of those have got restarted related to premium rescheduling which we have seen in your case, but in a lot of other cases which are not viable, in spite of premium rescheduling, has all that is required in terms of cancellation and start of rebidding, is that sort of on, is there still thinking going on, so where is that process basically?

- Virendra D. Mhaiskar** Firstly, our projects have not begun because of this premium rescheduling, they were already on. Only the cash flow pressure has been further eased because of the premium deferment. Further to my mind, in most cases, where the projects were unviable, now NHAI has started coming out with re-invitation of those bids, and if you see the NHAI website today you will find at least 6,7 of those are now appearing on the website where they have come out with RFQ, just to give you an example, the IT Shivpuri-Dewas has also now come out, some other projects in South Karnataka have also now RFQ has been announced. So, wherever they are getting the clarity that earlier agreement is not executable, they have started taking steps to re-invite those bids on BOT.
- Lokesh** So it is not 'N' block, it is happening project-by-project step-by-step?
- Virendra D. Mhaiskar** That is correct.
- Moderator** Thank you Lokesh. We have the next question from the line of Shirish Rane from IDFC Securities. Please go ahead.
- Shirish Rane** Sir, just wanted some clarity on the Kolhapur project, because we have collected Toll of only 12 million during the quarter. So is it sufficient or was there some leakage or was there some stoppage and then again it started?
- Virendra D. Mhaiskar** As you know, the history of the project, we have slowly been tightening the collection activity and at this point also a lot of local registered vehicles are still going without toll and due to the election period it was not from a law and order situation practically possible to further tighten it and this will be an exercise which will go on for some more time till we finally tighten up all the loose ends.
- Shirish Rane:** So for another couple of quarters you think the revenue numbers would be very similar numbers?
- Virendra D. Mhaiskar:** Yes. I think now what has happened, Shirish, is the toll has stabilized. Whether there will be toll or no toll that kind of anxiety is behind us. And people clearly understand that they have to pay the toll having lost all the PILs that they had filed in the High Court. Because once those PILs got dismissed, we have also started enforcing it more strictly now and over a period of time, we are quite confident that we will be able to see better results from here.
- Shirish Rane:** So basically tightening is what is now remaining, all the other legal and sort of other issues have been sorted?
- Virendra D. Mhaiskar:** Legal aspects to our mind has been sorted out. Earlier stay on the tolling was lifted and tolling was recommenced after the Supreme Court intervention. And all the PILs which were pending in the High Court, which the Supreme Court had asked the High Court to expeditiously look at, the High Court has heard them on merits and all the PILs have been dismissed.
- Shirish Rane:** So there is no litigation pending on the project?
- Virendra D. Mhaiskar:** Not to our mind.
- Moderator:** Thank you. The next follow on question from Shravan Shah from Karvy Stock Broking. Please go ahead.
- Shravan Shah:** Sir, continuing on overloading, how many projects do we have the facility to check that the trucks are overloaded and are we able to collect the 10x or maybe 5x toll from the truck?

Virendra D. Mhaiskar: The resolution which you are mentioning, yes, that is available for all concessionaire across projects. In terms of exercising that it is not practically exercisable to the fullest extent. To the extent possible that can be used as a deterrent that is being done. In terms of having the necessary infrastructure and weighing motion, etc., all the major projects do have that.

Shravan Shah: So, almost most of the projects have such provision?

Virendra D. Mhaiskar: Surat-Dahisar and the newer one, Jaipur Deoli, etc., have them, Mumbai-Pune we do not have it, because there is no such provision also being a state project, but on most of the NHAI projects we have been placed.

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

C Narayanan: Just wanted to understand the financial closure. You said it was pending for two projects or is it three projects?

Virendra D. Mhaiskar: In case of NHAI projects, financial closure for Solapur Yedeshi has been achieved and financial closure for Yedeshi Aurangabad & Kaithal Rajasthan is in advance stage. One MSRDC project has come in, but when we look at it from the further bidding perspective, from NHAI point of view, only two are remaining. So we are in an open position to bid for new project.

C Narayanan: Any changes in the construction timeframe has there been versus earlier expectations any delays on account of this now?

Anil D. Yadav: I do not think there will be any significant delay beyond a month's time, that is all.

C Narayanan: As far as the monsoon quarter you mentioned there has been some amount of construction which got impacted. Catch up can be done during this year or it could be more...?

Virendra D. Mhaiskar: Certainly, the catch up can be done in this financial year itself.

C Narayanan: If you can just give breakup of the construction work revenue broad numbers on a project wise basis?

Anil D. Yadav: Contribution was close to Rs.335 crores from AV Project, KK Project Rs.70 crores and SY BOT Rs.35 crores.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I would now like to hand over the floor back to the management for closing remarks. Thank you. And over to you, sir.

Virendra D. Mhaiskar: Thank you, everybody for being on this call and we are really thankful to you for that.

Moderator: Thank you. Ladies and Gentlemen, this concludes your conference call. Thank you for joining us at Research Bytes Conference Call and you may now disconnect your lines.