

## Transcript

### Analysts' Meet of IRB Infrastructure Developers Ltd

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#### Présentation Session

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***Rajkamal Bajaj:***

Good evening friends. I am Rajkamal Bajaj, Advisor to the Board of IRB. On behalf of IRB, I welcome you all to IRB Infrastructure Developers Ltd's Analyst meet hosted by the company on the occasion of the results for FY09. This being the second year of the annual results post listing, we now henceforth propose to make this analyst meet as an annual event every year after declaration of the annual results. Friends, IRB is premier BOT company and the largest toll collector in the country and the focus continues to be on the BOT segment. Let me now introduce you to the people that we have on the dais. We have the entire IRB team with us. Mr. Virendra Mhaiskar, Chairman and Managing Director is seated in the center. On his left we have Mr. M. H. Kale, CFO of the company. On Mr. Kale's left we have Mr. Dhananjay Joshi who is the Chief Operating Officer and here I have Mr. Mehul Patel who is the company secretary. After Mr. Mhaiskar gives you an overview on the company, we will have a brief question and answer session. I now request Mr. Virendra Mhaiskar, Chairman and Managing Director of IRB to give the overview on the company and the developments during the FY09. Thank you.

***Virendra Mhaiskar:***

Thank you Mr. Bajaj. At the outset let me welcome you all this evening here. We have a very auspicious occasion happening in Delhi at this time and you all have come here today. It is a big moment for the country. Before we present the results to you all, let me first give you an overview of some of the important significant developments that has happened through the year as regards IRB, which some of you may already be knowing about. The financial year 2009 has been a turbulent year globally across all businesses and industries. However, I would like to highlight some of the significant developments. First being successful upward revision in the toll rates on the Mumbai-Pune corridor with effect from 1st April 2008 by around 18%. This is one of the largest contributors of revenue to the company's portfolio of toll roads. Despite one of the toughest and challenging atmosphere in the financial markets, IRB achieved the financial closure for its Surat-Dahisar Project by

syndicating a total debt of Rs.1956 crores and it was one of the difficult times because of the challenging time it did take three or four months more than what it was anticipated to be, but we had a successful tie up and the project is now up and running. We have commenced the tolling and construction on the Surat-Dahisar project from 20th of February 2009.

The other project that we had bagged was Kolhapur Integrated Road Development Project. Even on that project the construction has begun and we have paid the upfront payment to MSRDC and the financial closure is likely to happen very shortly. We have been qualified for substantial number of projects as far as NHAI, MSRDC, and various other organizations are concerned. The number of projects where IRB has submitted the prequalification bids or where it has already got pre-qualified would be in the range of around Rs.28,000 crores. There are approximately Rs.60,000 crores worth of projects, which are right now out for bidding in road sector and we have put in bids for prequalification or we have already been pre-qualified for projects worth Rs.28,000 crores. I am very happy to say that IRB also won the CNBC TV 18 Essar Steel Infrastructure Excellence Award for its high quality work implemented on NH4 - the Bombay-Pune section of NH4.

Then during the year we handed over two of our concessions, which were the Bhiwandi-Wada section, which is a state project and Khambataki Ghat project, which is between Pune and Satara. These are relatively two small concessions, which were successfully completed. The concession period was over and we handed over this section back to the government. This was relatively small concessions and as such would not be having any significant impact on the toll revenues going forward. Now I would like to hand over the mike to my colleague, Mr. Kale to highlight the IRB's financial results for the year 2009 and developments about the company existing ongoing BOT projects.

**Mr. Kale:**

Thank you Mr. Mhaikar. Now let me present the consolidated financial numbers and their analysis for financial year 2009. The total consolidated income for financial 2009 has gone up to Rs.1021 crores from Rs.785 crores registering a growth of 30% over financial year 2008. The consolidated toll revenues for the year have registered a growth of 21% and are at Rs.449 crores up from Rs.370 crores in the earlier year. The construction revenues during the year have gone up from Rs.363 crores in the earlier years to Rs.543 crores registering a growth of

50%. EBITDA margins however have remained more or less at the same level for financial year 2009 at Rs.467 crores as compared to financial year 2008 despite high revenues mainly due to the impact of overall increase in input cost of raw materials. The overall EBITDA margins for financial year 2009 are at Rs.46% as compared to 59% in financial year 2008 showing a decline in the overall EBITDA margins due to significant increase in input costs. Interest cost, however, have come down by 30% to Rs.138 crores in this year as compared to Rs.196 crores in FY08 due to prepayment of debt out of the IPO proceeds. As a result, the PBT has gone up to Rs.215 crores from Rs.167 crores registering a growth of 29% over the previous year. The PAT for the current year is at Rs.177 crores and has increased by over 39% from Rs.127 crores in the earlier year. Post minority interest, the PAT for financial year 2009 stands at Rs.176 crores as compared to Rs.114 crores in financial year 2008 registering a growth of 54% in financial year 2009. I would now like to update you on developments in some of the major BOT projects of the company.

The Bharuch Surat Project for four to six laning of the 65 km section of NH8 is progressing as per schedule, and we anticipate to complete it and start the tolling from July 2009. As of 30th April 2009, we have already spent more than 90% at Rs.1317 crores on the construction of the projects as against the overall estimated project cost of Rs.1400 crores. In the Surat-Dahisar project, the initial toll collections for this project have not been up to the mark as per the expectations of the company. As against the gross expected collections of Rs.1.15 crores per day the initial collections are between Rs.85-90 lakhs per day on gross basis. This we believe is mainly on account of overall slowdown in the economy and predominantly due to the reduction in the port traffics by around 20%. We expect the collections to pick up with the overall rise in the economy and increase in port traffic going forward. A positive development has been that the project is likely to see a reduction in its cost primarily due to the reduction in key raw material prices now like Bitumen and Steel. This is likely to result in a savings of around 20% and the saving will be passed on to the SPV by the construction contractor. As a result of this, despite toll income being lower than our anticipation the project IRRs would not be significantly impacted. In the Kolhapur IRDB project, the company has already paid the negative grant of Rs.27 crores to MSRDC and has started construction work on the project. As on 30th April last the company has already spent close to Rs.50 crores on the project out its equity contribution. The company is in the process of achieving

financial closure for this project and expects to achieve the same by end of June 2009.

I would now like to update you on the current order book of IRB. With the Surat-Dahisar project and the Kolhapur IRDB project already having started construction, the current order book position now stands at Rs.5897.81 crores, which comprises of EPC order book of Rs.3320.35 crores and O&M order book of Rs.2577.46 crores. With this I conclude my presentation.

**Rajkamal Bajaj:**

Thank you Mr. Kale for giving highlights of company's financial performance and developments on our existing ongoing BOT projects. Now, I request the Dhananjay to inform you about the company's overall developments, our perspective on sector outlook and progress on our real estate project.

**Dhananjay Joshi:**

Thank you Sir. I would like to inform you all that with the Surat-Dahisar BOT project already started collecting toll and with handing over of two BOT projects namely, Bhiwandi-Wada and Khambataki Ghat project, the BOT portfolio is now comprised of 12 projects with total length of 772 km and would still remain to be one of the largest operational portfolio of BOT project in the country. The share of IRB in the GQ, that is, Golden Quadrilateral would be at 7.56%. The daily toll income is presently around Rs.2 crores on gross basis from all the operational BOT projects and would go up further in the current year with commissioning of the Bharuch -Surat BOT project. As far as sector is concerned I would like to add that NHAI, which is the Apex Government Body, is going ahead with its NHDP program also the 11th year plan accords have priority to speedy completion of balance work under various phases of NHDP. As on 31st of March 2009, of 33,097 km of NHDP which has been approved by the Union Cabinet comprising of phase I, II, III, and V out of that 11,037 km have been completed while 6,175 km is under implementation. In terms of contract awards, around 11% of phase I and II, around 78% of phase III, and around 84% of phase V are yet to be awarded. This entails a pipeline of 15,731 km of projects yet to be awarded. Company is anticipating and company is also participating for various highway projects, called on BOT OMT basis aggregating to around Rs.28,000 crores. These bids have been called by various government agencies like NHAI, MSRDC, KSRDC, MIDC, and others. Bids for these projects are likely to be submitted over next six to eight months. At state level, MSRDC is coming up with various mega BOT projects such as securitization of five Mumbai entry points and widening and improvement of

Sion-Panvel Highway, IRDP projects, etc. Our company will definitely bid for such viable projects. Overall, the pipeline of projects at bidding stage is very strong and we will be participating aggressively for the same.

I would also like to update you on our real estate project. On the real estate front we have acquired about 1250 acres of land till now and the balance acquisition is in the process. In this regard, the company has received the permission in April 2009 under section 63-1A(ii) of Mumbai Tenancy and Agricultural Land Act, 1946 from the development commissioner to purchase agricultural land for establishing integrated township. Due to the current market scenario in the real estate sector, the company would presently be going slow on its development plans on the real estate project. With this I conclude my presentation. Thank you.

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#### **Question and Answer Session**

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**Rajkamal Bajaj:**

Thank you Dhananjay for giving our prospective on industry sector and real estate development. Now, we open the floor for the questions and answer session. We request you to limit your questions to two questions per person. We also request you to introduce yourself first and then ask the questions. Thank you.

**Arun:**

This is Arun Kejriwal. Sir two small clarifications. There has been some change in the toll that you are collecting on the Mumbai-Pune. If you minus the increase what is the increase in flow that you are seeing in this area, if you could explain?

**Virendra Mhaskar:**

Very good question. I would like to clarify here that 18% increase in the tariff was implemented from 1st April and if you deduct the impact of that we would have still seen a close to 5% growth in the traffic on this corridor for this financial year.

**Arun:**

From the estimates that you had when you took over this project are you in line, you are below, or you are above, what is it?

**Virendra Mhaskar:**

If we have to compare it with the estimates that we had prepared at the time of bidding, we are ahead of it.

**Arun:**

Second question, you gave us an order book roughly of just under Rs.6000 crores. If we convert this into kilometer what would it give?

- Virendra Mhaiskar:** Out of this order book around Rs. 3320.35 crores is for the EPC work, which is the actual construction and in terms of kilometers around 300 km of construction is what the company is right now implementing; 240 km of Surat-Dahisar Highway and around 50 km in Kolhapur.
- Arun:** We would expect to complete this in roughly one and a half to two years?
- Virendra Mhaiskar:** No, two and a half years.
- Arun:** Thank you.
- Rahul:** This is Rahul Handalka from BHF Securities. My question is the Mumbai-Pune express, which I had recently traveled on it and it is in a very excellent condition even today. With lot of articles in the paper these days seeing that the traffic is shifting from the railways on Mumbai-Pune sector to the road. Are you expecting a very big upstream in terms of toll collection?
- Virendra Mhaiskar:** The traffic shift keeps on happening from railway to roads, roads to railways. Yes, the condition of the highway is excellent and there is every likelihood that with the economic activity picking up we may see a higher traffic growth rate.
- Rahul:** Okay and once again congratulations for the excellent condition of the highway.
- Virendra Mhaiskar:** Thank you.
- Anju:** Good evening. This is Anju from CRISIL. I have two questions. First is how is the current funding scenario in general and how is IRB placed in terms of acquiring funds? The second question is how have been the gearing levels of the newer projects as compared to the earlier projects. Have they reduced or are they same?
- Virendra Mhaiskar:** To answer your first question, the interest rate scenario is improving. At the moment, the average cost of debt for IRB would be in the range of around 12%. We surely feel that it is likely to go down with RBI taking steps and things like that and in terms of achieving financial closure, we have recently achieved the closure for Surat-Dahisar project wherein we tied Rs.1956 crores as debt and with regard to the next question what you wanted to know is about the gearing level we have a total debt of around Rs.2400 odd crores vis-à-vis net worth of around close to Rs.1729 Crore, 1.25 is the gearing ratio as far as the

consolidated level of the company is concerned. Normally BOT is on 70-30 basis, 70 debt and 30 equity.

**Anubhav:** Hi, this is Anubhav from Keymen Securities. How much money have you spent on property business and land acquisition till date?

**Virendra Mhaiskar:** Close to Rs.150 crores. This has all been from internal accruals.

**Abhinav:** Hi sir, Abhinav here from Pinc Research. I just wanted to get an update on our Hotel Project in Kolhapur?

**Virendra Mhaiskar:** As far as the hotel project is concerned there is a piece of land, which Kolhapur Municipal Corporation has allotted us and under the concession it is 30,000 sq meter. We have conducted a survey for the feasibility of hotel project and we do have a positive report on that regard. We are in an advanced stage with regard to tie-up with a leading hotel chain to put up a hotel on that property. That is the update as of now.

**Abhinav:** One more question, in your presentation, which you have distributed you have mentioned you are having around 7% share of the golden quadrilateral, so in the coming year this would go up till what level. What is your projection?

**Virendra Mhaiskar:** At the moment, the whole of golden quadrilateral has been opened up for six laning and substantial number of bids out of the Rs.28,000 crores happened to be for the six laning project, so we cannot really comment at this time as to how much we can, but in terms of the capacity to build I think we would be looking at anywhere between 500 to 600 km in next two to three years additional to what we already have.

**Abhinav:** And that should be what percent of the quadrilateral roughly?

**Virendra Mhaiskar:** The golden quadrilateral comprises of around Rs.5800 km and it would then reach to around 12%.

**Jignesh:** Jignesh here from MF Global. Just you mentioned that we receive close to around 18% toll revenue, toll rate from Mumbai to Pune, so how frequently we take time to maintain the toll rate and going forward say after two or three years improvement in the toll rate will be in similar kind or it will be again negotiated with the government?

- Virendra Mhaiskar:** As far as Mumbai-Pune project is concerned the concession agreement stipulates a rise in the toll rate every third year by 18%.
- Jignesh:** Is it same to apply with all the other SPVs?
- Virendra Mhaiskar:** Except Surat-Dahisar and Bharhut-Surat where the toll rate tariff increase is linked to WPI, all the rest of the projects have a fix escalation in rates going forwarding the range of around 5% - 6% per annum.
- Jignesh:** Okay, thanks a lot.
- Ashutosh:** Hi, this is Ashutosh Narkar from HSBC. I just wanted to understand the Surat-Dahisar project at what rate was financial closure done?
- Virendra Mhaiskar:** We have achieved the financial closure at a floating BPLR and when the sanction letters came at that time the BPLR was at around 14%, but by the time the financial closure was achieved and we actually had first drawn down it was down to around 12.5% and now it is almost between 11.75% - 12%.
- Ashutosh:** Just one more question. In terms of the order book, what is the breakup between the cash contracts and your existing EPC from BOT projects?
- Virendra Mhaiskar:** The cash contract is a very minimal portion of it, around Rs.200-250 crores. Major of these Rs.3300 would be captive BOT project order book.
- Ashutosh:** How is IRB looking at getting more cash contract business over the next two or three years apart from its BOT construction business?
- Virendra Mhaiskar:** The whole sector is undergoing a huge change and as per the policy guidelines of planning commission there are very few projects, which are now being offered on a cash contract basis. Most of the projects that are coming up are on PPP basis.
- Ashutosh:** So it would be fair to assume that probably over the next two-three years majority of the EPC business is going to come from the BOT sector?
- Virendra Mhaiskar:** That is right.
- Ashutosh:** Thanks.

- Anirudh:** This is Anirudh from Angel. Just a couple of questions only to know with respect to when the concession period gets over, does the government put forth that particular part of the project again for next concession and what is the time frame and second question is when while bidding for new tenders in the road BOT segment. Is there any clause which restricts any parallel route coming up with respect to the road under consideration?
- Rajkamal Bajaj:** At the end of the concession period the government re-bid it for capacity augmentation. To give you a correct example, the Khambataki Ghat project, which we have now surrendered on the end of this successful concession period, it is now been put in for six laning. The entire Pune-Satara section is now being six lane and this goes under that contract now. So, it is being rebid again; so most of the projects are likely to see capacity augmentation at the end of it.
- Anirudh:** Then IRB had been operating that road BOT. Do we get any preference with respect to?
- Virendra Mhaiskar:** No, there is no preference because it is an open to all for bidding.
- Anirudh:** That is happening. And the second question. Is there any clause, which restricts any parallel route?
- Rajkamal Bajaj:** Yes, the clause exists. The clause says that for eight years the government cannot have a parallel route, a competing facility to the existing highways, which has been tendered out and post eight years they can build a competing facility, but at that juncture if they do so then the toll rate on that highway which comes up at that point should be as 133% of the toll then that has been levied on the first highway at that year. So, it has to be 133% higher than what we would be levying at that time.
- Anirudh:** Could you please come over this again. I did not get that?
- Virendra Mhaiskar:** Okay so till eight year government gives you a surety that there will not be any competing facility. End of eighth year if they come with a competing facility, then they will levy toll on that new facility as well and that toll will be higher than the existing facility by 133% that is the way they are protecting the existing highway developer.
- Anirudh:** But he is not compensated by increasing concession period?
- Virendra Mhaiskar:** No.

- Anirudh:** Okay, thank you.
- Ajay:** Hi, Ajay from India Capital. My question is on how much equity have you invested till date on Bharhut-Surat and Surat-Dahisar. How much more is required?
- Virendra Mhaiskar:** For Bharhut-Surat project we are already almost done with the equity infusion and as regards Surat-Dahisar out of the Rs.544 crores of equity we have already infused Rs.284 crores.
- Ajay:** And when would the toll collection begin on Surat Dahisar?
- Virendra Mhaiskar:** I am not getting it.
- Ajay:** When does the toll collection begin on Surat Dahisar?
- Virendra Mhaiskar:** On 20<sup>th</sup> of February this year.
- Ajay:** How much is the consolidated debt and consolidated cash position?
- Virendra Mhaiskar:** Consolidated debt is around Rs.2400 crores and the cash in hand around Rs.400 crores.
- Ajay:** And so the net debt is Rs.2000 crores? What is your average maturity sort of reset time on this debt for which interest is flat?
- Rajkamal Bajaj:** Reset is normally at an interval of every one year, but the interest rates are linked to the floating BPLR, so if the BPLR comes down you immediately get the benefit irrespective of the reset date. The reset is only as to the spread every annually.
- Ajay:** A 12% interest cost you mentioned that sounds high today...?
- Virendra Mhaiskar:** Well, it is like this the present BPLR of all the banks is 12% and the interest rates are expected to come down, they had peaked up to 14%. From 14 they have come down to 12, so once the interest rates come down so you will definitely have the benefit for lower interest rates on all your BOT projects.
- Ajit:** Sir, Ajit here from Emkay, in the projects with upcoming opportunities, which you have mentioned, you have mentioned securitization of Bombay entry points I think it is an existing toll. So, you will be bidding for the concession period there?

- Virendra Mhaiskar:** The tender document, which we have received says that we have to bid for concession period.
- Ajit:** Since it is more of matured traffic it will even grow at about 2%-3% so what sort of IRRs you would be making?
- Virendra Mhaiskar:** We are just...at the moment looking at the feasibility, so we will not be actually able to comment on what the bidding strategy would be, but we expect this to be a very viable project.
- Ajit:** And on Sion-Panvel highway I think the tender actually came last year or so?
- Virendra Mhaiskar:** No, this is the one tender. It is a unified single tender, which is in the market today, which involves development of Sion-Panvel highway and to recover the investment and also pay some upfront payment to MSRDC securitization of the five entry points. It is a combined bid.
- Ajit:** It is a combined bid. That is it.
- Participant:** Hi, followup question. What are the debt repayment due this current financial year?
- Rajkamal Bajaj:** Around Rs.100 crores.
- Sachin:** Just one question of this is, Sachin from Motilal Oswal. What was the investment made in windmill in FY08, FY09 and the plans going forward?
- Virendra Mhaiskar:** We invested Rs.100 crores in windmill project and installed 20 megawatt of power windmills, 16 turbines, and going forward we do not have any plans to increase those windmills.
- Sachin:** So nothing has been invested in FY09 and nothing going forward?
- Virendra Mhaiskar:** No.
- Sachin:** Okay, thank you.
- Dewang:** This is Dewang from Avendus. You have submitted bids for a pre-qualified for Rs.28,000 crores worth of projects, considering the traffic slowdown would you consider going slow on some of them?
- Virendra Mhaiskar:** If the traffic has slowed down you would be bidding presuming a lower traffic growth rate so, so long as the

project continues to be viable on the lower traffic growth rate estimation one can always go ahead and bid for it.

- Dewang:** What is the threshold level of IRR you will be looking at?
- Virendra Mhaiskar:** At least 18%-20%.
- Dewang:** They are still achievable?
- Virendra Mhaiskar:** I think yes.
- Prachi:** Hi sir this is Prachi from Indsec Securities. I just wanted to know what is the debt outstanding of MRM and IRBPL as on date.
- Virendra Mhaiskar:** The debt outstanding in IRBPL would be NIL and in MRM about Rs.110 crores.
- Prachi:** And what about the gross block numbers?
- Virendra Mhaiskar:** Around Rs.370 Crore.
- Prachi:** That would be for MRM. And sir on the debt repayment front on the MRM front what is the debt, which is repayable this year in FY10?
- Virendra Mhaiskar:** Close to Rs.40 crores this year.
- Prachi:** Okay, thank you sir.
- Participant:** Sir what will be your wish list for this new government, three best wish?
- Virendra Mhaiskar:** It is a good question. I think the citizens of this country have voted very well and we have given ourselves a very stable government so we can have sure shot very good expectations from it. I think the policy front the government has already done a lot in the past, so if they just implement what is on, it can make a huge difference to the economy.
- Participant:** Each time we pass through this toll, we feel like we are just wasting our time so why don't you come out with something radiofrequency or that automatically debits our...?
- Virendra Mhaiskar:** We have already started that at the Mumbai-Pune expressway, RFID smart cards have already started on Bombay-Pune expressway.
- Participant:** This is payable upfront or how do you...?

- Virendra Mhaiskar:** No, they are available on payment at the plaza itself.
- Participant:** Okay.
- Participant:** Sir we are faced with one dilemma that we have a huge fiscal deficit and lot of us in the market are worried what would the government top priority be. I understand that the infrastructure is something we cannot do without it, but this entire election campaign was fought on the Am Adhmi who does not travel on the highway, so taking that to be correct if something goes wrong with the infrastructures spending and there is a slowdown not talking about IRB specific, but how is this industry geared up to face the situation?
- Virendra Mhaiskar:** I think if we look at the international scenario for this the experience has been that whenever any country has faced recession, the motive or the policy stance has always been pump priming the economy and for that kind of a pump priming investment into infrastructure has always been the patent that has been used worldwide. If you presume that this government also would be doing the same because as it is we are in the lack of infrastructure, so if we are doing more of that then we are going to surely generate lot of upheaval in the raw material usage, labor, and it is going to create lot of employment as well. So, I think as far as the government focus is concerned surely the pump priming strategy would be to invest in infrastructure and while doing so the whole exercise is being done on a PPP basis. So, if it is being done on a PPP basis very few projects actually would be needing government fiscal viability gap funding and most of it will be on a private public partnership basis, so I think the government will surely go ahead in a very big way on these projects.
- Participant:** And one small thing. Anything challenging that you are doing on this road construction, something that is engineering challenging?
- Virendra Mhaiskar:** Engineering challenge is always there like Surat-Dahisar project we have to construct 25 flyovers in 30 months. The government previous to this built 50 flyovers in Mumbai in five years. We are talking of building 25 flyovers in 30 months, so that is a challenge.
- Participant:** And this is on an existing highway?
- Virendra Mhaiskar:** On an existing highway that is right.
- Participant:** Thank you.

- Virendra Mhaiskar:** The company has no policy of giving any guidance, but I can only say that as far as the toll revenue is concerned we are collecting close to Rs.2 crores a day and on a gross basis and in Bharuch-Surat revenue is likely to add to it from July and on the construction front, we have around Rs.3,500 crores of order book to be exhausted over next two and a half years. I think you can derive the forecast from this information.
- Umesh:** Hi, couple of questions. Umesh from DNB Stock Broking. What is the current number of PCUs on Surat-Dahisar?
- Virendra Mhaiskar:** Between 55-60,000 this year.
- Umesh:** And what will be the revised cost of construction for this Surat-Dahisar?
- Virendra Mhaiskar:** Should be down close to 20%.
- Umesh:** So in value terms how much will it be?
- Virendra Mhaiskar:** Rs.2490 Crore was the pure construction cost that is likely to go down by 20%.
- Umesh:** So in that sense the debt equity gearing on that project will go up substantially?
- Virendra Mhaiskar:** No, what we intend to do is we do not intend to bring the equity level down. We intend to take lesser debt draw down and thus reduce the pressure on the revenue.
- Umesh:** So you would repay that out of the Rs.1956 crores?
- Virendra Mhaiskar:** We will draw less.
- Umesh:** What is the daily average toll collection on this Surat-Dahisar on a gross basis and net basis?
- Virendra Mhaiskar:** On gross basis around Rs.85-90 lakhs and from that 38% revenue share goes to NHAI.
- Umesh:** As per your presentation on this 2008-2009 on the Surat-Dahisar you have shown the revenue of Rs.33.59 crores for an operation of 40 days, which has started on 20th February so this works out something like Rs.85-90 lakhs?
- Virendra Mhaiskar:** Yes that is what we said.
- Umesh:** No, but your share should be low in this?
- Virendra Mhaiskar:** Yes, this is gross.

- Umesh:** But in your financial you should include only your net basis?
- Virendra Mhaiskar:** Yes, in financial, only net revenue included.
- Umesh:** So this Rs.460 crores revenue from toll is gross revenue?
- Virendra Mhaiskar:** Presentation it is gross. In the financial it comes to net. This is for your understanding as to what is the total collection that we are doing on the project.
- Umesh:** Okay, thank you.
- Participant:** Sir, just wanted to know what kind of debt you are looking at by the end of this financial year?
- Virendra Mhaiskar:** I think we would have drawn another Rs.1000 crores, close to Rs.1000 crores.
- Participant:** Okay, thank you.
- Anirudh:** Just a followup question. This is Anirudh from Angel. I just wanted to know with respect to Surat-Dahisar you said there is a 20% drop in traffic. Do we find any drastic traffic slowdown in any of our other projects?
- Virendra Mhaiskar:** We have seen a mixed reaction. If you look at we have given a project wise revenue breakup in the presentation. If you see Thane-Bhiwandi bypass has shown robust growth, couple of state projects have shown robust growth whereas some of them have shown 2% or 3% negative or 2% or 3% positive growth. Bombay-Pune has clocked 5%, so it is a mixed bag. We cannot pinpoint and say everything has slowed down, but some pockets we have seen slowdown.
- Anirudh:** Thank you.
- Participant:** On the highways the food plazas, which are run on a lease basis or who has the rights?
- Virendra Mhaiskar:** No, the food plaza rights are not with the company. They are being bid out by MSRDC on their own. The recovery of the project is solely based on toll income.
- Participant:** Yeah. What in your experience is the traffic elasticity compared to the GDP in terms of...?

- Virendra Mhaiskar:** The experience has been that it has to be around 1.25 times of GDP growth and in the past we have seen that correlation working well.
- Participant:** It is same on the state highways and golden quadrilateral or is it different one?
- Virendra Mhaiskar:** Golden quadrilateral should have a higher growth rate.
- Participant:** This is one follow up. Your EPC construction book would also fall by 20% because of your revised cost of and you said that SPV will pass the benefit to...?
- Virendra Mhaiskar:** No, we have taken the impact of that. The order book, which has been given is after factoring revision in the EPC cost.
- Participant:** So this means out of the Rs.3,300 crores Rs.2300 crores is on account of Surat-Dahisar and the remaining is for what?
- Virendra Mhaiskar:** Kolhapur is there and few funded projects are also there.
- Participant:** What is the total cost of projects for Kolhapur?
- Virendra Mhaiskar:** Kolhapur is about Rs.450 crores.
- Participant:** Rs.450 crores, okay.
- Participant:** Given the vast stretch of land when you build these highways is there any scope for advertising income or it is out of scope?
- Virendra Mhaiskar:** No, there is a scope always for advertising income, but that right is not with the company except for one project that is Kolhapur where the advertising rights also have been given to the company. There we would be having those rights.
- Participant:** Thank you.
- Virendra Mhaiskar:** Toll is the prime source of income for the recovery of the toll road projects. There is no other source of revenue attributed to recovery of the investment.
- Rajkamal Bajaj:** I believe we have done with the question and answer session. On behalf of IRB, I thank you one and all for being present in such large numbers. Thank you.

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**Note:** 1.This document has been edited to improve readability. 2. Blanks in this transcript represent inaudible or incomprehensible. 3. Some of the statements made during the analysts meet could be forward-looking in nature. Such forward-looking statements remain subject to risks and contingencies particularly

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