



GMR Infrastructure Limited
Q4FY10 Investor/ Analysts Conference Call
Wednesday, May 26, 2010

Moderator: Good afternoon ladies and gentlemen. I am Triveni, the moderator, for this conference. Welcome to the GMR Infrastructure Conference Call for the quarter and year-ended 31st March 2010. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to WebEx International. After that, the question and answer session will be conducted for participants in India. Now, I would like to handover to Ms. Khushnum from Citigate Dewe Rogerson.

Khushnum Pestonji: Good afternoon everyone. We welcome you to this conference call organized to discuss GMR Infrastructure Limited operating performance and financial results for the quarter and year-ended March 31, 2010, which have been announced earlier. We have with us Mr. Subbarao and CFOs of GMR's business verticals. Before we begin, I would like to state that some of the statements made in today's discussions may be forward looking in nature and may involve risks and uncertainties. I would request Mr. Subbarao to begin with the opening remarks, following with which we shall start the Q&A session.

Subbarao: Ladies and gentlemen, good afternoon. Thanks for the feedback that you have given to us that we should speak less and allow more time for you to ask questions. We have taken that feedback and will limit ourselves to a brief 5-minute conversation from our side, and leaving more and more space for you to raise the questions, we also relate that this is results period and you have other conferences to attend to, and hence, we will not read out any speeches, and we will just briefly touch upon the major highlights for the year. I will not spend more than 5 minutes on this.

The major highlights for the year are on the business as well as on the capital. I would just briefly touch upon the capital raised that has happened during the year. We have raised a QIP of USD 315 million, and we also have tied up USD 200 million private equity already in energy sector and another USD 100 million is on the way, and it will get concluded in the next few days. So, there is totally USD 600 million equity would have come in.

On the business front, airports, Turkey airport was completed and commissioned in record 18 months' time, and the traffic has been phenomenally going up ever since the airport was commissioned. Hyderabad, in 1 year of operations, we have got the rating which is the best airport in the category of 5 to 15 million passengers in the world, and among all the airports in the world, Hyderabad Airport stands as the 5th in terms of ranking, and DIAL, it is completed, it is all set to get inaugurated on July 3rd. The formal inauguration will happen on July 3rd and the traffic will slowly be shifted in the same month.

Under energy, EMCO has been acquired, 600 MW capacity has been acquired, and the financial closure for this project also has been completed, and the 235-MW barge-mounted plant which was operating on naphtha in Mangalore has already

been shifted in Kakinada, part of KG basin, that will be commissioned to operation shortly, and VPGL expansion also, the work has started. Another 768-MW expansion work has already started, the equipments have arrived, and the work is in full swing, and Kamalanga original 1050 MW capacity has been expanded by another 350 MW. We have received the approvals. So, these are the major developments. In roads, we have operationalized other projects, which were under construction, and in addition to this, we have won 3 road projects in the last financial year. So, the financial closure for 1 project has been achieved, and another project is on the way, and the next few days, the financial closure for the next project, for the second project will get achieved, and the third project financial closure will be achieved in the next few months. So, this is broadly the summary of the major highlights across all the 3 sectors and the capital raised, and then we will leave the floor now for Q&A. Me and my colleagues are here to take your questions. We will now leave the floor for Q&A.

Moderator: At this moment, I would like to handover the proceedings to WebEx International Moderator to conduct the Q&A for participants connected to WebEx International. After this, we will have a question and answer session for participants at India Bridge. Thank you and over to you WebEx International Moderator.

International Moderator: At this moment if you would like to ask a question, please press *1 on your telephone keypad. Again, if you would like to ask a question, please press *1 now. At this moment, there are no questions from the participants at the WebEx International Center. I will now handover the proceedings back to the India Moderator.

Moderator: Thank you WebEx International Moderator. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, please press *1 now. The first question comes from Shashikiran from Standard Chartered.

Shashikiran: I just had a question on your other income in airport segment. You have booked an other income of 38 crore in the fourth quarter of FY' 10. Can you elaborate on what that is?

MS Narayanan: Basically, in DIAL, we have Serve From India scrips. There is duty entitlement scrip as per institute guidelines, we treat this as income. So, we have treated this as the other income after revenue share.

MS Narayanan: Under Serve From India scheme, we have duty entitlement scrips. This can be used in lieu of custom duty payment by cash, so these are to be treated as income under the institute notification, so we have treated the same as income, net of revenue share.

Subbarao : This is a duty draw-back scheme. Where if you serve the overseas customers from India you get the duty entitlement, and using this duty entitlement, you can import anything. So, as per the institute guidelines, this has to be recognized as revenue, and it has been recognized as revenue.

Shashikiran: So, this is basically non-recurring item?

Subbarao : As long as we submit to the overseas customers keeps going on , it keeps recurring.

MS Narayanan: Based on the duty-free income and the airlines income, the international airlines income which we charge.

MS Narayanan: On this, we get a 10% as a duty scrips.

Subbarao : It is a recurring income.

MS Narayanan: It is a recurring income.

MS Narayanan : But the extent of recurrence may vary.

Shashikiran: Right, but is there any reason why there has been a spurt in this particular quarter?

MS Narayanan : Because this has been utilized in the current year, so earlier we had a this thing whether we have to treat it as an income or not. Now, based on the institute guidelines, we have to take it as income.

Shashikiran: So, is it like something that....is this 38 crore over a period of time?

MS Narayanan: It is over a period of 2 years.

Shashikiran: Over a period of 2 years.

Subbarao : And over a period of 2 years but is recognized based on utilization.

Shashikiran: Basically, recognition for the last two years has been done in this particular quarter.

MS Narayanan: No. Utilization, most of it was done in the current year because most of the imports happened in the current year.

Shashikiran: Second question is on, barge-mounted plant that is now being shifted to Kakinada. When can you expect the plant to become operational and have you received the gas allocation for that?

Sundar Raman: The barge-mounted power plant has already been moved to the Kakinada Basin, and the gas allocation has already been received from the Ministry of Petroleum and Natural Gas, and this will become operational in the month of June on a single cycle basis, and by July, we expect to commence combined cycle operations.

Shashikiran: But was this...if I am not wrong, there is no combined-cycle operation when it was there in Mangalore, right?

Sundar Raman: Yes, now, the fuel has been converted from naphtha to gas, now it will move on combined cycle based operation on gas mounted as the fuel.

Shashikiran: So have you invested something to install a steam turbine?

Kamalakar Rao: The machines are aero turbines, aero-derivative engines LM6000.

Kamalakar Rao: And basically accessible to gas. We have to just change the nozzles wherein the nozzles changed will make it compatible with gas, that has been completed already.

Shashikiran: But you would not have added the second cycle, I mean, second cycle you have not added or was it already there in your initial plant also?

Subbarao : It was already there in the naphtha base also.

Moderator: The next question comes from Salil Desai from IDFC.

Salil Desai: I had a question on the EPC business. Segmental revenues are about 17.5 crore and EBIT is at about 33 odd crore, and if I look at the presentation, urban infra and highways....sorry, this does not really add up somehow, so EBITDA loss in the urban infrastructure and EPC business, so you can just throw some light on this.

Bhaskar Rao: Basically, the income on EPC business this quarter is about 17 crore.

Bhaskar Rao: EBIT is higher because we had service tax credit that we had taken in this quarter which was relating to earlier quarters, that is the reason the EBIT is coming higher.

Salil Desai: What is the quantum of this credit?

Bhaskar Rao: This is roughly about 20 odd crore actually.

Salil Desai: 20 crore, in your presentation in the urban infrastructure and EPC segment, there is an EBITDA loss of about 16.7 crore. Any idea why this would be there, it is on slide #27?

Bhaskar Rao: This particular thing is not only EPC, this consists of all other sector as well, and this has you know certain income from you know aviation, investment income, just standalone where we have as an interest cost, all this has been taken over here because of which there is, you know, there is also a variable pay provision we have made about 14 crore in the GIL standalone books, which is all combined into this particular other sector. EPC is part of GMR Infrastructure Limited, so the entire GMR Infra standalone has been taken into this.

Salil Desai: I have just missed this, 14 crore is provision on what account?

Bhaskar Rao: This is a variable pay, which is part of the compensation package.

Bhaskar Rao: This has been taken as a consolidated adjustment and that is getting reflected in this manner.

Salil Desai: Next is this duty entitlement benefit in Delhi Airport, what was the quantum being?

MS Narayanan: Total is around 85 crore, but we have not utilized the whole thing. Whatever has been utilized is around 70 crore that has been utilized.

Salil Desai: 70?

MS Narayanan : Yes

Salil Desai: Okay.

MS Narayanan : Utilized, we have shown it as an income, net of revenue share.

Salil Desai: In our balance sheet, we have about some 4,650 crore of investments. How much of this would be liquid investments?

Bhaskar Rao: 4,641 crore.

Bhaskar Rao: We have 3,212 crore in liquid investments and about 1,429 in other long-term investments.

Salil Desai: One final question is in Sabiha-Gokcen, when you look at EBITDA. EBITDA has, sequentially come off very sharply. Any particular reason for this, like... I understand interest and depreciation would have present significantly, any reason for the EBITDA going down?

Madhusudan: Sabiha-Gokcen, what we can say that is we actually started operating the new terminal from November onwards.

Madhusudan: : So, actually, our income and expenses would have actually gone up in this period, but we hope to reach a stable EBITDA there, and the Q3 numbers and the Q4 numbers are not actually comparable.

Salil Desai: What would be your indication of a stable EBITDA margin would be?

Madhusudan: No, that would be a forward looking statement.

Moderator: Next in line, we have Jitesh from ICICI Securities.

Jitesh: My first question would be regarding the kind of equity that we have raised. Can we get the latest numbers of what is the outstanding equity share base at this point in time?

Bhaskar Rao: 389 crore is outstanding shares.

Subbarao : Jitesh, it is 389 crore outstanding shares. Which is one rupee share also.

Jitesh: We mentioned we have kind of place some part of our energy vertical as well to private equity shareholders. Like what will be the latest percentage holdings and which company is this, is this GMR Energy that we are talking over here?

Subbarao : The money, the private equity has been brought into GMR Energy which is the holding company of the energy vertical. There is dilution as of now.

Subbarao: It is structured product. So, the equity, the actual equity will be issued only at the time of IPO, hence there is no current dilution.

Jitesh: Any kind of clarity like, what kind of stake are we looking at when we do kind of giveaway some, come out with an IPO for this.

Subbarao : It all depends upon the valuation that we would achieve at that point of time. The issue price would be the IPO price, so it all depends upon the kind of IPO valuation at that time.

Jitesh: I would like to understand the kind of capex that we incur while transporting the barge-mounted plant from Mangalore to Kakinada.

Sundar Raman: We have a total project cost, including the conversion of the engines and capitalization on shifting of the barge from Mangalore to Kakinada to the extent of roughly about 600 crore.

Jitesh: 600 crore, I would like to know how much of the 600 crore is likely to be expensed and how much would be converted and capitalized.

Sundar Raman: Most of, 600 crore, when I am saying is the relocation cost, all of that would be capitalized.

Sundar Raman: There won't be any cost that is going to be write-off to our revenue.

Jitesh: Just to do some more due diligence on this one like what would be the plant life post this conversion?

Jitesh: Like what will be plant life, remaining life of the plant like 10 years, 11 years after this?

Sundar Raman: Plant life now would be, after the change in the engines, it will be in the range of 15 to 20 years.

Jitesh: 15 to 20 years. My third question would be regarding the InterGen operations. If you can throw some light on that particular venture like how is it doing and what are we planning with regards to our investments in InterGen.

Manoj Kumar: As far as on the operational of the InterGen is there as on 12/2009, just to give a brief on the operational performance, the total fleet has achieved 86% availability as compared to 83% which was there in 2008.

Manoj Kumar: And on the EBITDA side, the InterGen has achieved USD 546 million EBITDA as against USD 604 million of EBITDA which was there in 2008.

Manoj Kumar: And on the overall net cash flows which is there in 2009, it has 415 as compared to 400 million in 2008, and the overall DSCR of the 12-month rolling DSCR of InterGen was 2.02 times the DSCR was there.

Jitesh: Last year numbers of DSCR, FY' 08?

Jitesh: You said 2.02 DSCR for FY' 09, right?

Manoj Kumar: Yes, the 12 months DSCR for year-ending December 2009 was 2.42 times.

Jitesh: And if you can give me last year numbers, FY' 08 comparable?

Manoj Kumar: Last year it was 1.72.

Jitesh: One more thing I would like to clarify would be regarding, recently we have seen a spurt in the carbon emission trading that has been conducted in the spot market, like any impact to our company from that perspective, like are we benefitting from those increments.

Jitesh: Of late, we have seen a spurt in the CER market, Carbon Emission Rates. So, is there any kind of impact on our company, like positive impact from those particular markets?

Manoj Kumar: No, as far as the company is concerned, more or less it will be neutral.

Moderator: .Next in line, we have Inderjeet Bhatia from Macquarie Securities.

Inderjeet Bhatia: Two or three questions from my side. First is on the Vemagiri gas expansion. You have already gone ahead and given the equipment order. Is there a sense of comfort in terms of gas allocation from the government or what gives you comfort to go ahead with this project, and without gas allocation would the financial closure be possible on this?

Subbarao: We have comfort for the gas allocation, and we are pretty confident to get the gas allocation maybe with the dispute having been resolved. It is pretty much in the vicinity to get this gas allocation. Absolutely, there is no concern on the gas allocation without which we would not have gone ahead with the capital expenditure. The financial closure, yes, it is pretty much possible. In fact, it is around the corner, the financial closure. One bank is already on underwriting basis, it is happening maybe in the next 1 to 1-1/2 months, the financial closure will get over.

Inderjeet Bhatia: Any sense on timeline when the government is going to give a firm gas allocation?

Subbarao: It is very difficult to forecast like that timeline on the gas allocation process, but we are pretty much confident, much ahead of the commissioning date, we will get the gas allocation.

Inderjeet Bhatia: .Second thing is you talked about another 100 million dollar fund raising going through in GMR Energy. Now, where does it place the entire group in terms of its total equity requirement, one on the power business. Second on the entire group requirements of equity and how much more equity you have to raise or are looking to raise or is required in the next couple of years in all businesses put together?

Subbarao: To give you a broad picture of the total capex that is currently underway. Road sector is about 4,200 crore is the total capex for the 3 projects which we have recently won, and the equity requirements for all the three projects collectively, net of the positive grants that we are going to get is about 650 crore which needs to be spent over the next 2-1/2 years. This is the road sector.

Subbarao: And in the energy sector, the total project outlay is about 30,000 crore, and 7,500 crore is roughly the equity commitment for this, of which 1,500 crore has already been spent.

Subbarao: So, the balance 6,000 crore is what we need to spend over the next 3 to 4 years because all these projects would get commissioned over the next 3 to 4 years.

Subbarao: So, of this 6,000 crore, we have 315 million by way of QIP and another 300 million by way of private equity. Other cash that is available, totally close to a billion dollars is available in both GMR Infra and GMR Energy vertical, so which would go on for the next, for all the projects next two years, equity is in place.

Inderjeet Bhatia: So that means you would not be requiring any further equity in the existing portfolio of projects?

Subbarao: Yes, for the existing projects under development or under construction, we would not need any equity for the next 2 years, but if a new major project comes, yes we may need the capital, but for all the existing projects, for the next two years, capital is tied up.

Inderjeet Bhatia: So, the approval that you have taken for 5,000 crore of incremental fund raising is for the new set of projects?

Subbarao: No, it is not for this. See, what we have decided this year. We have a major learning in the QIP recently. We have the shareholders approval, that is why there was a short window, and we could complete the capital raising very quickly. So, learning from this experience, every year, now we want to keep this enabled resolution in place so that if there is a requirement and if there is a shortening of opportunity, we can always use, so it is just an enabling resolution. There is no plan as of now.

Inderjeet Bhatia: One more thing on this energy deal, you said that eventually whenever the GMR Energy gets IPO'd out, the private equity guys would get the shares at the issue price, but during this interim, is there any kind of a guaranteed return or is there an interest payout on that and if GMR Energy IPO does not go through what kind of dilution. Is there a conversion into GMR Infra stock involved in that. Can you share some contours or the details of the deal?

Subbarao : There is no interest payout in the interim in the IPO, when the IPO happens, there is an agreed written, and the accrued value will be converted into the equity at the time of IPO, at the IPO period.

Subbarao: This is what is going to happen, and I think these are the broad contours of the day.

Inderjeet Bhatia: Coming to the roads, you said that one of the projects is getting....can we share specifics, which project is getting financially closed and when is the next project going to get financially closed?

Subbarao: Vijayawada and Hyderabad, we have already achieved the financial closure, but there is a small technical snag with NHAI because of the changed view of NHAI. Otherwise, it is closed for all practical purposes.

Subbarao: Moreover, there is the next project which is going to the financial closure in the next week or so.

Subbarao :So, other project, the third project which is under development is Hungund-Hospet-Chennai in Karnataka. That will take little bit of time, maybe another 1-1/2 months.

Subbarao: This is broadly it. If there are any questions, others are also here.

Inderjeet Bhatia: Last two questions from my side. First on InterGen, as a group, what is kind of thinking as to what would be the right time for GMR Infra to get those CCDs converted and get this company merged or are there any milestones that you are waiting for, for that to happen on the InterGen side before exercising those convertible debentures.

Subbarao: There are no milestones as such, which we are waiting for to reach to the conversion, it is just a decision. What initially we thought maybe a two to three years' time frame we would have to exercise the CCDs conversion price, so anyways from the next financial year, it is going to come into play, and by force we will have to, even if we don't exercise during this period, we will have to exercise that at that time.

Inderjeet Bhatia: What is the status of the debt that you have taken, the bridge loan, which needs to be refinanced this year?

Subbarao: That will be refinanced in the month of October 2010. So, most of the process is over, and we have received the term sheet also. May be in the next couple of months, I think, by the end of July, we should have achieved the full overall.

Moderator: The next question comes from Pramod from RBS Securities.

Pramod: This is with regard to the segmental reporting. There seems to be a sharp jump in the other revenue streams from around 700 crore to 1,600 crore, any particular reasons for the same?

Bhaskar Rao: I could not get the question clearly. Can you repeat the question once again?

Pramod: In your segmental reporting for the consolidated, the others which you mention has gone up from 700 crore to around 1,660 crore, sorry 70 crore to 1,660 crore, hello?

Subbarao: It is 160 crore.

Pramod: Yes, 160 crore. Any particular reason for the same, what is this?

Subbarao: Other income. Bhaskar, it is other income has gone up to 160 crore. That is what he is asking the breakup. There are lot of reversals, there were SFIs from India, couple of provision reversals based on the High Court judgments, so that is what the breakup he is asking.

Pramod: Okay....would you be able to provide?

Subbarao: I would just take you. So, as we mentioned earlier, so there is a Serve From India Scheme in the Delhi Airport.

Subbarao: Net income accrued is 31 crore, which was not there in the earlier year.

Subbarao: And in Chennai Power Plant, we won a court case, where the regulatory authority has passed the case in favor of us in fact, so we could have recognized the total revenue of 475 crore based on this, but we did not recognize that revenue.

Subbarao: We would recognize that revenue as and when we receive it in the next year.

Subbarao: As of now, what we have recognized is earlier based because of this

Subbarao: About 30 crore, we have reversed.

Subbarao: It is not a fresh recognition.

Pramod: The interest cost or the expense has also shot up 40%. Is it primarily because of the Turkey Airport or any other reasons?

Subbarao: Not only Turkey Airport, even the road projects which were commissioned during the year, which were not there in the last year got added , and Delhi Airport to the extent it got capitalized during the current year. So, there are several projects, new projects which were not there for the full part of last year.

Subbarao: Turkey Airport, 40% of the interest charged in the Turkey Airport. Turkey Airport, to the extent, it got capitalized, but it is initial capitalization.

Subbarao: All this in the aggregate, interest expenditure has gone up by about 96%, if I remember correctly.

Pramod: In terms of tax provision, you had a deferred tax negative because you did some retrospective effect. So, if I have to look at particularly for the quarter to understand, would you be able to give us what is the total tax for the quarter if there is a one-off related to the historic period and what was the reason for this large deferred tax reassessment you have to do?

Bhaskar Rao: Yes, this deferred tax asset was created during this quarter. This is primarily on account of you know Vemagiri Power, delayed its commercial generation by over a year because of delay in gas connection, and during this period, I mean, since the BOT has already taken place, there was a charge to the P&L, and as a result, there was a tax loss that got accumulated in this company. Now, this company has been operating at about 88% PLF last year for the current financial year, and it has reported a very good profit. Now, there is a very good expectation. I mean there is almost a case of virtual certainty that was made because this is a PPA project, and gas connection is assured for this project. So, this project would make a profit in the next 3 to 4 years, and we had put up this request to the auditors last year. They took almost a year to, you know, get to this situation of virtual certainty, and so for the current year, they allowed us to recognize this deferred tax asset for this quarter about 74 crore. So, there is basically a timing difference, I mean, future year tax liability would get set off with these losses, so this is not sort of notional income as a company....

Pramod: If this could not have been there, so what could have been the actual total tax outgo for you for the quarter?

Bhaskar Rao: If this was not there, the actual tax outgo would have been I think....

Subbarao: About 40 crore.

Pramod: Coming to the division side. In Delhi Airport, you had a steep jump in non-aero on a quarter-on-quarter basis, is it a seasonal phenomena, or is it sustainable because of where operations are going?

Sidharath Kapur: Yes, we had a legacy issue on the landing and space problem at NACIL, which got settled in the current quarter. As a result, we had booked an income of around 43 crore from NACIL, and we also had some land and space clarification coming from the security aspect from the MoCA on the security...accommodation provided for the security people.

Sidharath Kapur: As a result, we have again taken 38 crore of income from the CSF.

Sidharath Kapur: Because of these two income, basically of land space and the underground handling, this has increased in the current quarter.

Pramod: Is it historical also you have taken in this quarter or is it sustainable?

Sidharath Kapur: Historical also is taken in the quarter.

Subbarao: There maybe dispute for quite some time, I would not say dispute, which has been dissolved, and there has been an MoU during the quarter, on which this amount has been recognized in the current quarter.

Pramod: Coming to this Hyderabad Airport, I think if I am not wrong, the duty free joint venture partner has expressed that they want to get out of the JV, so what is the status there, what went wrong and any learning from the same?

Radha Krishna Babu: Duty-free shops basically have been operated by Nuance.

Radha Krishna Babu: They are new to the Indian context though they have been operating in the BIAL and IL, they have some problems with the customer execution.....they have landed themselves into problem, and they were not in a position to operate, they were not in a position to reconcile. That is the reason why they have expressed their inability to continue and they are exiting as on 31st May.

Pramod: Have you signed up for the new guys or?

Radha Krishna Babu: No. Since it is going to take a little more time, and with this experience, it has been decided to take over the business by ourselves, so we have floated a separate company called Hyderabad Duty-Free Retail Limited. So, we are taking over the entire staff of that company, because they are closing down their shop and we have already taken those staff, and we have appointed the General Manager. We have also signing up an agreement with them for 4 months' supply contract, helping us. In the meantime, we will fix up our own capabilities and we will take over.

Pramod: Coming to the Turkey Airport, you have mentioned that there is a second runway planned, but as of now, the GMR is not involved in managing the runway, so how this will be functioning. Will you be involved in runway construction, will be part of the project cost going forward?

Madhusudhan: Actually, we are in the various stages of the project, and no discussion has taken place, so we have not frozen on any plans regarding that.

Subbarao: Just to add to that, we will not be incurring any project cost towards this. All the aero side is government managed.

Subbarao: So, this will not lead to any further escalation in the project cost. The entire project cost will be borne by the government.

Moderator: The next question comes from Jasdeep from Kotak.

Jasdeep: Could you provide some clarity with respect to the structure of the JV agreement that you have done with respect to the duty free shopping and with respect to the advertising space?

Sidharath Kapur: We went for a bid process in Delhi. All the advertising, and ultimately Times of India has been awarded the concession for the T3 Terminal and this will be through a joint venture.

Sidharath Kapur: And 49% is held by us and 51% will be held by Times Group, and there is a revenue share arrangement which starts at 55% and changes over the years as we move ahead, and as far as Hyderabad Airport is concerned, what Babu mentioned earlier, where we have taken over the duty free operation. Right now, it is 100% owned subsidiary and we will operate it ourselves, and we do not envisage any change in revenues which will come in through this process at this point of time. In fact, it will help the Airport build up its experience in this field, which we envisage is a field of potential going ahead for an airport to be in.

Jasdeep: With regard to the advertising contract, this revenue share will be paid by the JV company to the Airport?

Sidharath Kapur: To Airport, yes, that is right.

Jasdeep: In the remaining 45%, you have 49% stake.

Sidharath Kapur: No, no, in the joint venture, Delhi Airport has got 49% stake.

Sidharath Kapur: But the Joint Venture will pay a revenue share to Delhi Airport. So, apart from getting a revenue share, it also has share in the profits of the joint venture.

Moderator: The next question comes from Ankit Kanodia from Eureka Stock and Share

Ankit Kanodia First of all, I would like to thank you for the wonderful presentation you sent us. As you can see that 47% of your revenue come from power, and 33% from airport for the FY' 10, right?

Subbarao: Correct.

Ankit Kanodia: Do we see similar kind of revenue flow from FY' 11?

Subbarao: Don't take it as a forward-looking statement, but next year the scenario would be slightly different because last year if you see one of the major power plants was shutdown, it was not in operation. June-July, this year, that 235 MW would be back into operation and hence the revenues.

Ankit Kanodia: So power and airport basically would be your two major segments, right?

Subbarao: Yes.

Ankit Kanodia: So, highway, you are not looking for expansion in highways. Currently, you have 4,600 crore of orders, right?

Subbarao: Right.

Ankit Kanodia: And as per enabling resolution and equity which you have already raised, can we expect that in the coming FY' 11, there would be no new orders in road sector, I mean, until and unless it is very attractive from margin point of view.

Subbarao: No, we will continue to bid for this project. As and when the good projects come up.

Subbarao: It depends on how many projects we are going to win.

Ankit Kanodia: What is the average cost of debt currently?

Subbarao: The latest financial closures are happening at between 10 and 11.

Ankit Kanodia: 10 and 11, okay.

Subbarao: Between 10 and 11 are the latest financial closures.

Ankit Kanodia: As per what we have discussed right now, there are other forming around 12% of your FY' 10 revenues and others included 75 crore of deferred tax asset, right.

Subbarao: Yes, 73 crore of deferred tax asset.

Ankit Kanodia: If you look at the ROCE, when we combine all the segments, your ROCE comes to around 4.82, correct?

Subbarao: Return on capital employed?

Ankit Kanodia: Yes, return on capital employed.

Bhaskar Rao: Yes, we will just check it and get back to you.

Subbarao: Capital employed, what you must take, see there are a consolidated account. When you take the consolidated picture, lot of capital employed, the return comes from only the operating projects, whereas the capital employed is both in the operating projects as well as in the construction projects. We have to take out, on the face of the balance sheet, it would be very difficult to conclude the return on capital employed unless we find out what is the capital employed in the operating company.

Ankit Kanodia: Any figure, what trend it would be right now?

Subbarao: What is the capital employed in the operating businesses.

Bhaskar Rao: We will do that. In fact, Subbarao, one of the important thing is this capital employed that we give definitely given this segment reporting, it includes all the project companies as well, so we will have to take the capital employed of only the operating companies, so we will just work around and come back to you probably by the end of the call.

Ankit Kanodia: What kind of revenue growth you are seeing in FY' 11, in terms of margins?

Subbarao: That would be forward looking statement?

Moderator: The next question comes from Ravi from.

Ravi: My question was basically on the energy segment.

Subbarao: Yes.

Ravi: Couple of things there. One is that there is a significant decline in power trading revenue which has gone down from about 93 crore to about 12 crore, but the operating expenses have dipped by almost 100 crore even though the revenue has gone down, only 85 crore, some clarity on that, and two is on the cost of the fuel, I mean, how much of it is on account of less power units overall generated and how much is on account of lower costs?

Sundar Raman: The power trading for the quarter, Q4 of last year, it had declined because March being the 100% merchant power was not in operation because of shifting to Kakinada, but on an overall basis, including the bilateral trades that we do, you will see that for the whole year, we did 154 crore against 132 crore last year. So, overall basis, there is an improvement, and since barge is not in operation, that you know led the decrease in Q4. What is the second part of your question?

Ravi: You mentioned below that the decline in operating expenses is mainly because the power trading has gone down, but operating expenses have gone down even more than the decline in revenue for the power trading side, so is there any reason for the decline in operating expenses?

Sundar Raman: if you look at the...169 crore for Q4 FY' 09 had a lot of power purchase as a cost, whereas in comparison to Q4, FY' 10, there is no purchase on the bilateral side, that is why there is a decline, and the trading margin as you know is not regulated and it is roughly about 4 paise per unit.

Ravi: Just one more question on this. Can you again explain the other income and the deferred tax issue, I mean, there was a bit of disturbance on the line, and also the other income on the power segment?

Sundar Raman: Other income for the whole year?

Ravi: Q4 mainly. It substantially comes from Q4, it appears like.

Sundar Raman: Other income in Q4 was on account of write-back of provision in GMR Energy and Chennai. Chennai, as you know, we had written back a provision of 30 crore, and in GMR Energy about 12 crore, 42 crore total of provision, which is written back in Q4, and we also had high treasury income due to better liquidity position during the quarter.

Subbarao: Let me just amplify this, in the case of Chennai plant, we won a case from the regulatory authority which empowered us to reverse some of the provisions which we had wrote off earlier, so that is about 30 crore plus and another barge-mounted plant, which now has been shifted, earlier we made a provision for the long-term service agreement. Question to the shift, this provision was not required because now it is going to be new technology, now the new agreement has to be

entered, so both these things are not required, so hence they were reversed. So, these are the two major additions in the other income.

Ravi: And the deferred tax?

Subbarao: Deferred tax, last few years, 3 to 4 years, ever since the Vemagiri plant was commissioned, there was no gas available, and hence it was incurring losses, so you can recognize the deferred tax asset in the normal course, in the year you incur the losses because in the year you earn the profits, you can set off these losses, that is how the deferred tax asset works, but last 2 to 3 years, since there was now certainty of profits coming in as the gas availability was in question, we could not recognize the deferred tax asset, but in the current year, the gas is now available, the plant has run almost more than 80% PLF, now there is a certainty of the profits continuing, now hence the auditors has allowed us to recognize the deferred tax asset, that asset has been recognized in the last quarter of the year.

Ravi: The plant you have relocated, ours going to be sold, is it on a PPA basis or is it again back to merchant?

Subbarao: It is going to be on merchant basis.

Moderator: Next in line, we have Nirav Vasa from Gupta Equities.

Nirav Vasa: My queries have been answered, thank you.

Moderator: Next in line, we have Gurpreet Arora from Bajaj.

Gurpreet Arora: My questions have been answered, thanks.

Moderator: Next in line, we have Yugesh from First Global.

Yugesh: My question is related to first is employee cost, if you look at it on quarter on quarter basis, it has increased from 58 crore to 113 crore, so can you just elaborate to which particular business segment this increase come from?

Bhaskar Rao: On a broad basis, I can just explain to you. We had a new project which had come into operation where the entire year charges have come during this current year, primarily 3 road projects, our Hyderabad Airport project, and as well as our Turkey Airport project, these have all become operational, either later part of the last financial or during this current year, so the entire personnel cost which earlier used to get part of the project capitalization have all come into the profit and loss.

Yugesh: So going forward on quarterly basis, we can expect this employee cost to remain at this level?

Bhaskar Rao: Yes, that is provided, you know, there are certain more, like our Delhi Airport is going to come into full operation. So, as the project gets into commercial operations from project stage, it may go up, but then there would be increase in the revenues as well.

Subbarao: Yes, let me just understand, in the published accounts, I am not sure where this figure is, employee cost for the last quarter has gone up from 103 crore to 113 crore which is a normal increase.

Yugesh: Yes, in published accounts, I can see 58 crore only in Q3.

Subbarao: You are saying Q3 FY10.

Yugesh: Yes, Q3 of FY' 10, on sequential basis.

Subbarao: I would just come back.

Yugesh: My second question is related to commissioning of Delhi Airport Terminal T3, like after this commissioning, can you just give some idea like impact on net profitability because non-aeronautical revenue will increase to the extent of these like JVs which you have formed, plus there will also be increase in depreciation and interest cost, so net impact on profitability, will it be positive during initial few quarters or it will come up after few quarters.

Sidharath Kapur: Let me take that, I think this will be really a forward-looking statement to make at this point of time. However, we do expect that after commissioning the full interest cost and depreciation impact will come in this year, we do expect the profitability to be maintained, but I think that will be in terms of numbers. That will be a forward looking statement to give.

Yugesh: My last question is related to EPC business like as of now, what will be the outstanding order book position in your EPC segment and during FY' 11, like what do you expect, how much to be executed out of that?

Subbarao: Order book position as of now is around 3,200 crore. Either we will be executing about 1,000 -1,500 crore per year. Then, addition of the order book is going to happen depending upon the project.

Bhaskar Rao: This whole 1,000 to 1,500 crore which you are saying, this will accrue to GMR Infra only.

Bhaskar Rao: Yes, to GMR Infra only.

Bhaskar Rao: Your question on the personnel cost, see there have been certain one-time hits that were taken during this quarter. Among them, we have made a provision for variable pay about 14 crore. It will have an effect for the entire year, and there is also an amount of about 9 crore that we have taken a hit following, you know, we had earlier debited to fund called passenger service fund, so there was a change in the position which has taken and thereafter we have taken a hit during this quarter. So, there have been certain hits of this nature, because of which there has been an increase in personnel cost.

Moderator: Participants are requested to ask two questions initially and then come back for the followup questions. Next in line, we have Sanjay Chawla from Anand Rathi.

Sanjay Chawla: I have a few questions. First I wanted to clarify the increase in the nonaero revenues in DIAL, you mentioned 43 crore is because of the settlement of dispute with NACIL, and 38 crore is the income taken from CSF, that is almost 80 crore. So, you are basically saying the entire, almost the entire increase, quarter on quarter increase in nonaero is coming from these two factors.

MS Narayanan: Yes.

Sanjay Chawla: But both of these, can we take them as nonrecurring?

MS Narayanan: No, some part of it is recurring in the sense that going forward NACIL will be continuing to pay what has been agreed to now, and also we will be charging on the security, CSF personnel what we have been giving the accommodation, we are charging on them.

Sanjay Chawla: So, presumably...

MS Narayanan: It is recurrent.

Sanjay Chawla: So, presumably, these two above that you mentioned are related to prior period also, so on a quarterly basis, how much is the impact on the nonaero revenues from these two factors.

MS Narayanan: Around 5 crore.

Sanjay Chawla: 5 crore per quarter from both these factors.

MS Narayanan: Yes

Sanjay Chawla: You also pay revenue share on these two items.

MS Narayanan: No, this is net of revenue share.

Sanjay Chawla: 5 crore is net of revenue share.

MS Narayanan: Yes.

Sanjay Chawla: Next question for me, there is a surge in the interest cost in the Turkey Airport, there is almost a 4-fold increase quarter on quarter. What I was wondering is, the Airport, the new terminal achieved the commercial operation from November. So, there was already interest cost, interest cost would have been reflected for more than half the quarter in the previous quarter also, so there should be maybe like 2x increase, but there is a 4 times increase, so just wondering whether there is any Fx related movement also involved or you know what is the reason for this?

Madhusudhan: Actually, for the Turkey loan, we have taken an IRS, interest rate swap, and we have accounted for the mark to market. Mark to market fluctuation there is a major component, and it has been accounted.

Sanjay Chawla: So, would you be able to share the pure interest expense, you know, excluding the currency movement and MTM gains or losses?

Madhusudhan: The interest expense is about 5 million Euros on 100% basis.

Sanjay Chawla: This is 5 million Euros per quarter.

Madhusudhan: Yes, 100% basis

Sanjay Chawla: One more question from my side is this, you know, your consolidated capital work in progress, you have given this amount in the balance sheet, how much of that really which is around 10,400 crore. How much of that is related to DIAL?

Sidharath Kapur: DIAL is about 7,334 crore.

Sanjay Chawla: 7,334 crore?

Subbarao: That includes securitization which is not fully a debt, hedged, so this is hedged against a specific cash flow, about 1,800 crore, I think, something must have been paid, may be about 200 to 300 crore would have been paid. The net debt would see about 1,500 to 1,600 crore. MSN, you can just correct that figure. Excluding that, the commercial project debt is just 5,000 crore.

Sidharath Kapur: Subbarao, he had asked for this work in progress.

Sidharath Kapur: 7,800.

Sanjay Chawla: You mentioned 7,334, is that the correct number.

Sidharath Kapur: That is net of development fund, yes.

Sanjay Chawla: Net of DF?

Sanjay Chawla: That is clear enough. Just a last quick question from me, in the presentation you have mentioned that related to Vemagiri, the APERC order has been received for recovery for additional fixed charge, what is the fixed charge that has been confirmed by APERC?

Sundar Raman: The order, they had given us three options of you know to act to the commission. You know, while the APTransco, the revised numbers, and which will come up for hearing next week, in a discussion with APTransco after which it will be submitted to APERC for final adjudication.

Sanjay Chawla: What is your expectation of the additional fixed charge that will help you recover all the losses and all those things?

Sundar Raman: It would be in the range of around 40 paise per unit.

Sanjay Chawla: Throughout the PPA period?

Sundar Raman: Yes, for the balance period of the PPA till 2021.

Sanjay Chawla: That is it from my side. If there is time, I will come back with one or two more questions.

Moderator: The next question comes from Vijay Kumar from Spark Capital.

Vijay Kumar: My question first relates to the investments which you have, you said you have about 4,600 crore of investments. I was also looking to find out how much of the money which you have raised has actually come in, I am sure the QIP is lying as investments. QIP money of 315 million dollars, and the other two tranches of money have come in or yet to come in, 200 million at GMR Energy and the additional 100 million?

Subbarao: Yes, as of 31st March, even QIP money has not come in because this money came subsequently. So, 31st March figure which you have does not include QIP money. Private equity money, the closing process is on, maybe in the first week of June, 200 million would come in. 100 million would come in little later time, so neither the private equity nor the QIP money is included in 31st March balance sheet.

Vijay Kumar: Yes, so the 4,600 crore which you are saying as the investments both liquid as well as long-term what you said, I am sorry on the liquid you said about 3,200 crore, is that right?

Subbarao: Yes, that is correct.

Vijay Kumar: So, at any point in time, you have access to this 3,200 crore of liquid investments to invest in projects.

Bhaskar Rao: No, you see, out of this 3,200 crore, we have certain amount, about 935 crore in Airport sector, and about 150 crore in road sector, which is actually not investible fund, because they are, basically they are project draws or they are in TRA sort of a situation. If you remove this about 1,100 crore, the rest of the money is all investible fund.

Vijay Kumar: So, you have about 2,100 crore from here which you can invest, and apart from that, when the money which you have raised is about 600 million dollars, so you should get about 2,700 crore roughly over there. So, roughly the investment amount which you will have with you will be of the order of 5,000 crore.

Subbarao: That is what we have said. A billion dollars of cash will be available, equity cash.

Vijay Kumar: Just a few more questions. One was with regard to your GMR Energy or your barge-mounted plant, have you tied up for the merchant power on that one at any rates or is it still open at this point in time.

Sundar Raman: We have done a short-term deal for the time being for 3 months effective mid June. And once the plant stabilizes and it comes into combined cycle operation, effective July we will be doing more contracts going forward.

Vijay Kumar: And with which EB and at what rates, could you share that?

Sundar Raman: At present, I mean, I can give you an indicative rate, it will be again forward looking, although the commissioning is expected in the first week of June. We have a rate going forward of around 5 rupees 20 paise for 3 months' time.

Vijay Kumar: So you have entered into 3 months, so basically you are covered from June, July, to August, and that is the timeframe you are covered as of now, is that right?

Sundar Raman: Not the entire load, a part of the load again. Again, not the entire 235 MW, a part of the load.

Vijay Kumar: Another question which I had was about 8 crore of loss is from associates in the fourth quarter, I was trying to ascertain from which entity that is coming.

Bhaskar Rao: These losses have come to us from, you know, we have a 33% stake in Homeland Energy. It is still in a sort of pre-production stage, so there have been some losses which we have accounted.

Vijay Kumar: But I mean is it not capitalized, any particular reason why it is like written off to the P&L?

Bhaskar Rao: Yes, I understand your question. See, this structure over there, you know, whatever the amount that are spent in the mines get capitalized, but expenditures that are in the holding company are actually charged to revenue.

Vijay Kumar: I remember in last quarter you said, this is like to be the last, I mean, in 3Q, expected to be last quarter of losses from Homeland, I mean, so are these losses expected on a continuing basis or when can we expect it to stop basically?

Subbarao: We were trying to pay down the expenditure because there was some expenses which we can avoid, so we have been working on this. Some part has been achieved in the first quarter of the current year, we are achieving it, and progressively, this will come down.

Vijay Kumar: The next question is on Delhi International Airport. If we knock off that 80 crore of income of revenues which were reinstated as nonaero for the quarter, still there is a healthy 20% growth in your non-aeronautical revenues. It is going from 102 crore in Q3 to about 120 crore in Q4, and I find this with a small drop on Q-o-Q basis in domestic passengers as well as the ATMs.

MS Narayanan: We have also had increase in the duty-free income of around 13 crore. That is a major increase, this thing, and the retail also there is substantial increase, you know, food and beverage section.

Vijay Kumar: Is it because of any renegotiation in contract or any?

MS Narayanan: There is no renegotiation.

Subbarao: If you see the Delhi Airport, there has been a huge surge in the traffic in the last few months.

Vijay Kumar: Yes, I understand that, but I am comparing it on a quarter-on-quarter basis. On a quarter-on-quarter basis, there does not seem to be a jump, so which is why I am asking whether this 20% growth is because of any renegotiation or just pure spending which is going on.

Sidharath Kapur: It is spending which is going on.

Sidharath Kapur: Apart from the spend, what is also happened is that the choices is available in terms of duty-free, that also, you know, there has been a learning process in which the availability has also improved of the products which are available for the passenger, so that has also led to an increase in spend.

Vijay Kumar: What is the total duty-free space, in square feet or square meters in Delhi International Airport.

Sidharath Kapur: Sorry, the question you are asking is spend per square feet?

Vijay Kumar: I am asking what is the total square meters of the duty-free that is located, basically the area in the terminal which it occupies, the duty-free?

Sidharath Kapur: Now, it is around 700 square meters.

Sidharath Kapur: Now, going forward, in T3, we have retained area of around 40,000 square meters.

Vijay Kumar: 40,000 square meters only for retailing.

Sidharath Kapur: No, no, total retailing.

Vijay Kumar: Total retail, yes, Then just one last question, this is regarding GMR Power Corporation, you mentioned that you have recorded a 30-crore reversal of provisions and the note also mentions there is a 400-crore remaining provision, I am just trying to confirm these numbers. Is it a 400-crore reversal which you are expecting over the course of the coming years?

Sundar Raman: No, no, this is a favorable order to the extent of 400 plus 30 crore, 430 crore. 30 crore we had earlier made a provision, which no longer, because of the favorable judgment was required, so we reversed it. Since the Tamil Nadu Electricity Board is yet to accept our claim. The total claim is to the tune of 400 plus. We have not recognized the income but going forward based on the decision of the TNEB and any other legal recourse which they make take to, recognize the income post 2010.

Vijay Kumar: So, it is getting accepted by TNEB, just to get my understanding right, it will flow in as revenues and flow through profitability or how will it happen.

Sundar Raman: Yes, it will flow in through profitability.

Vijay Kumar: It will come in as revenues and basically it will add to EBITDA and there will be a taxation on it, and you will basically make the balance profit from it or something?

Moderator: .Next in line, we have K. V. Ramanna from DNA.

K. V. Ramanna: Most of my questions have been answered. Just one question on Vemagiri. What is the total cost on Vemagiri and how much are you adding now in terms of capacity, MW?

Sundar Raman Adding two more units to the Vemagiri project by way of a new SPV called GMR Rajahmundry Energy Limited. Capacity is going to be 768 MW. And it will be a gas-based power plant again. What is the other part of the question?

K. V. Ramanna: No, I just wanted to know the total cost on this?

Sundar Raman: The cost of the project is in the range of about 3,400 crore.

K. V. Ramanna: So, with this even your Kakinada plant, barge-mounted plant is going to get operational maybe next month, that is what we are saying, so what is the total installed generation capacity as on March 31, 2010, and what would be by the end of this financial year?

Sundar Raman: 2010, the capacity is 833, that is Chennai, Vemagiri 1, and barge-mounted. By March 11, the addition would be, there won't be any addition post, yes. The Rajahmundry expansion will come into operation phase 1 in September 2011. And a part of the EMCO project during that financial year, one part of the EMCO and one part of Kamalanga will also come into operation.

K. V. Ramanna: That is next year?

Sundar Raman: Yes, that is 2011-2012.

K. V. Ramanna: So this year, you are going to continue with this 823 MW only?

Sundar Raman: That is right.

K. V. Ramanna: This includes Kakinada project also?

Sundar Raman: Correct.

Moderator: The next question comes from Gautam from B&K Securities.

Gautam: My question is regarding Delhi Airport. What is the debt-equity structure of this airport now?

MS Narayanan: It is around 1.25:1.

Gautam: Can you please elaborate like how much is the debt, how much is DF and how much is equity funded by GMR?

MS Narayanan: Equity funded by the total sponsors is 2,500 crore. 2,500 crore, and we have deposits coming from leased deposits from land, around 1,471 crore. Rupee loan is 3,650 crore. We have external commercial borrowing of 1,616 crore, and the development fee, the current development fee is 1,827 crore, and we are seeking an additional development fee. The total development fee including the additional development fee would be around 3,481 crore, which is equal to the total means of finance required for the cost of project of 12,718 crore.

Gautam: And will revenue sharing start on Sabiha-Gokcen project?

Subbarao: There is no revenue share as such. It is only license fee, which has been amortizing, but the actual payout might start in the current year, next year.

Madhusudhan: It will start in 2011, Jan 2011.

Gautam: We will start charging it to P&L from that date?

Subbarao: No, we have been charging to P&L account already. The payment would begin from the next year.

Gautam: Can you please repeat the EPC order book number, I just missed it?

Bhaskar Rao: It is about 3,200 crore.

Moderator: The next question comes from Krishnakant Thakur from Quant Capital.

Krishnakant Thakur: My question was on Sabiha-Gokcen, that it was mentioned that the increase in expenditure in this quarter was corresponding to commencement of new terminal. Would it be possible for you to comment that how much would be fixed and how much would be variable of that?

Bhaskar Rao: Yes, I think this much expenditure is if you compare Q3 to Q4, forex gain was accounted in Q3, which is not there in Q4, and in interest expense, there is a mark to market loss accounted, but for that, there is an exceptional and excluding these MTM which we can't predict going forward, the expenses will be more or less stable.

Krishnakant Thakur: My second question was on the EPC part that you mentioned that the order intake that we are looking ahead is around 1,500 crore on a yearly basis, would this be accrued from external projects, would this be our own projects?

Bhaskar Rao: It is mostly from the internal only. We have not started doing the business with outsider, probably within the next 2 to 3 years, we will be bidding for the projects outside GMR.

Krishnakant Thakur: In terms of the employee cost, if you look at our numbers for say last 3 years, there seems to be some seasonality and Q4 number seems to have a big jump. This quarter, we anyways have booked 14 crore corresponding to variable pay, so would it be fair to assume that Q4 has certain element of that variable pay every year.

Bhaskar Rao: No, this was a one-time. We had a change in accounting policy to that extent. Earlier, we used to take a stand that the appraisal pay which was the variable pay component was for the current year, but during the current year, the auditors have actually taken AS-15 and said that we should do a provision. So, in the matter of prudence and conservatism, we have made a provision. Next year, we will get only one charge. The next year charge is already taken in this quarter itself.

Krishnakant Thakur: Because if you look at FY' 09 numbers, there also seems to be that seasonality among Q3 and Q4, there seems to be a big jump in Q4 numbers, employee cost as compared to Q3.

MS Narayanan: See, last year, there was a difference, because there was an operational support cost that we were paying in our Delhi Airport, which from May 2009 onwards was reduced, thereby almost 10 crore per month we had a reduction. So, during Q4 2009, we had this issue.

Krishnakant Thakur: On the energy segment if you can explain it again that the decrease in expenses that we incurred, I mean, that we faced. This was despite the power trading was at the same level if I look at sequentially.

Sundar Raman: Power trading for the quarter-wise sequentially, if you look at it, it is 93 crore for Q4 of FY' 09, it has come down to 12 crore.

Krishnakant Thakur: I understand it on a year-on-year basis, but if I look at it sequentially, so Q4 FY' 10 as compared to Q3 FY' 10, it has been pretty stable at 12.3 to 12.5 crore power trading division revenues. However, the operating expenses are significantly declined on a sequential basis. So, if you can explain that part again?

Sundar Raman: Because see the merchant sale if you look at correspondingly.

Sundar Raman: Merchant sale for Q4 of '09 was 260 crore. It includes a lot of bilateral trade which we do outside the group which is not related to only merchant capacity in our in-house plants. So, there is a corresponding purchase from outside on a back-to-back basis, and that is what is factored in, and our operating expenses are 169 crore for Q4 of last year.

Krishnakant Thakur: I understand it on a year-on-year basis, but quarter on quarter, I was not able to figure out.

Sundar Raman: It was not operational entirely for this quarter.

Sundar Raman: No, that apart, actually 260 crore of merchant sale.

Subbarao: No, is he talking about operating expense from 169 crore to 64 crore.

Krishnakant Thakur: My question was operating expenses from 80 crore in last quarter to 65 crore this quarter.

Sundar Raman: Basically last quarter, we had almost 1-1/2 months of GEL barge operation. This quarter, the entire quarter GEL barge did not operate. It was getting

dismantled and it was on its way to Kakinada, so in that sense, I mean, whatever was the expenditure for GEL for that particular quarter, the operational expenses has not been there.

Krishnakant Thakur: One more thing on the merchant sale in this quarter, we have reported negative revenues. So, if you can explain that part also, minus 6-1/2 crore.

Rajiv Kumar: In the second quarter of 09-10, when the High Court had not given the order, we had sourced some power through the KPTCL at a price which was a contracted price. Now, the quarter has come, and they say that appropriate authority has to adjust the pricing, and they fixed up the price at 5 rupees 50 paise, so that differential amount of looking at 8 rupees 35 paise, .and say 5 rupee 50 paise has been fixed this quarter because basically on the merchant, so that is why it is negative for this quarter.

Krishnakant Thakur: My final question was on DIAL real estate, not exactly in terms of forward looking statement but any kind of enquiries or traction that we are seeing, and any internal benchmark for next year and what is the total acreage that we are looking out to lease out?

Siddharath Kapoor: At this point of time, we do not have any plans for any further monetization. We are looking at different options. We are looking at the capability and absorbability of the market also, so at this point of time, also being a forward-looking statement, I think it will be very difficult really comment upon what kind of monetization and what kind of acreage we would be looking at monetizing in the next 12 months.

Kamalakararao: Regarding benchmark, you know, what I just wanted to give the input is our first phase we were able to achieve about 77 crore per acre valuation on an average where the second phase we have achieved about 100 crore valuation on an average. From the worst situation during the last year and current year, you can take similar kind of...That is what we think we will be able to achieve.

Moderator: At this moment, I would like to handover the floor back to Mr. Subbarao for final remarks.

Subbarao: In the last couple of days after the last board meeting, there have been some questions. Question No. 1 is on the resolution to raise 5,000 crore. I explained this is just an enabled resolution, there is no plan to raise the capital during the course of the current year. This gives, in case we need to raise the capital based on the project flow if we get any new projects and if we need the capital, so at that point of time rushing to the shareholders for the capital approval would be very extensive and expensive process. Just to avoid this, what we have decided is to keep this kind of enabled resolution always year after year, so that the capital raising process would be quicker. So, there is no capital raising plan as of now. This is the answer to the question that has been appearing on this resolution. Second, Mr. G B S Raju stepping down as a Managing Director and Mr. Bommidala Srinivas coming as Managing Director. There is no significance at all. There are two reasons for this. Mr. G B S Raju has been taking up additional responsibilities in the last few years, and last one year, he has taken the additional responsibility of the central procurement division, so as part of this, he has to visit several project sites, he has to

visit vendors in the various parts of the world to negotiate the contracts, and he has been extensively traveling. Managing Director in any company has statutory responsibility, at least the physical presence of the person not only for signing the various documents but also for being part of the management committee where significant decisions are taken. His availability because of his extensive travel has been challenging, so hence he expressed his inability to, because it was conflicting with the statutory responsibility was conflicting with the business, with the business responsibilities. So, just to enable him to focus and to give full attention to the business responsibilities which is more value active proposal, he said that he would like to be relieved and another family member has been appointed as a Managing Director. So, there is no other background to this, and also as part of the family rotation, people keep changing their responsibilities, and in the last few years, if you see, there has been systematic change of the responsibilities and there has been systematic change of the portfolios among the family members. So, this is the answer to Mr. G B S Raju stepping down and Mr. Bommidala coming as Managing Director. So, these are the two issues. I would like to conclude with this explanation for those two issues, which have not been asked. Thank you one and all. So, thanks to all the participants and thanks for all the clarifications that you sought. So, thank you one and all.

Moderator: Thank you very much sir. Ladies and gentlemen, thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.
