GMR Infrastructure Limited
Q4 / FY11 Investor/ Analysts Conference Call
Tuesday, May 31, 2011

Moderator: Ladies and gentlemen good afternoon and welcome to the GMR Infrastructure Ltd.'s Q4 & FY'11 Earnings Conference Call. As a reminder for the duration of this conference all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need any assistance during this conference call you may signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Khushnum Pestonji from Citigate Dewe Rogerson.

Khushnum Pestonji: Thank you. Good afternoon, everyone. We welcome you to this conference call organized to discuss GMR Infrastructure Ltd operating performance and financial results for the quarter and year-ended March 31st 2011, which have been announced earlier. We have with us Mr. Subbarao, Group CFO and CFOs of GMR business vertical. Before we begin I would like to state that some of the statements made in today's discussion 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: Thank you. Ladies and gentlemen, analysts, investors, good afternoon. You must have received the presentation; you must have also received the press release we issued earlier in the day.

The InterGen is behind us in all terms now. We have accounted for the entire loss arising from InterGen. Let me just brief you as we have mentioned in the press release, I am not sure how many of you had the occasion to go through this. The total loss we accounted in dollar terms is 208 million, in rupee terms is 939 crore. Of this there is an income reversal so 366 crore has been accounted in the earlier quarters in last year and before as income. So 939 crore consists of the income reversal of 366 crore and that leaves the balance loss. We also have accounted for some credits on account of the Island Power to the tune of 169 Crore. So though it is not a direct accrual from InterGen it is an indirect accrual from InterGen because Island Power has given this kind of credit as we have not paid this money, but it has been adjusted against the EPC contract. This also can be taken as a pay-off from the InterGen. So the 366 crore on account of the income reversal, 169 crore on account of the credits we have received from the EPC contracts to serve Island Power. That leaves a 400 crore loss, which is a net loss on account of InterGen which is mostly on account of the carrying cost and transition cost of the InterGen. So with these few highlights we will discuss more when you ask more queries, if you have anything on InterGen, and I would leave the forum open for questions and answers. Let us just proceed with the questions and answers.

Moderator: Our first question is from the line of Abhishek Bhandari from Macquarie.

Abhishek Bhandari: What is our equity requirement in various verticals over next two years, if you can give year wise?

Subbarao: In roads there are three ongoing projects. All the ongoing projects the total equity requirements for these three ongoing projects from GMR side is about 650 crore. We have already funded about 450 crore; the balance equity requirement for the next 24 months is about 200 crore. Let me just give the projects that are going on before I give the figure. There are four projects under construction, one is Vemagiri expansion 768 MW, in Maharashtra EMCO project 600 MW, in Orissa 1,400 MW, in Chhattisgarh 1,370 MW, these are all the projects under construction. So these would be the projects which would intend the equity in the next two years' time so the equity requirements in the next two years' time, in current year is 1,828 crore including the Indonesian coal mine and next year about 864 crore, 2,600 Crore plus 200 crore in the Road sector, so let me round it off to 3,000 crore is the total equity requirement this year and next financial year.

Abhishek Bhandari: And on the Male airport?

Subbarao: Male airport has been funded completely.

Abhishek Bhandari: AERA has started to move on the overall regulations by putting up your requirement to get the Capex approved. So by when do you think the final approval could come? Also any update on the Hyderabad regulation, have you challenged the AERA's decision?

Subbarao: Both the questions will be answered by my colleague, Sidharath. Are you there, Siddharath?

Sidharath: Firstly about the project cost and ADF. The enhanced project cost and also the increased requirement of ADF needs funding gap had been filed with the regulator last year. After independent audits by technical auditors, financial auditors and also seeking clarifications from the Ministry of Civil Aviation authority and various other stakeholders, AERA had in principle**,** had agreed to project cost of 12,700-odd crore and they had also tentatively agreed to enhance the ADF from 1,827 crore and increase it by another 1,696 crore. Now, this has been put in consultation, the period of consultation is over, and we expect the regulator to come out with a final approval and orders in the next 6 to 8 weeks. As far as Hyderabad airport is concerned as you may be aware the regulator had passed an order, finalizing the philosophy which is applicable to various airports, excluding Mumbai and Delhi, they had deliberately kept Mumbai and Delhi out because of the detailed nature of the concession document where a hybrid till had been envisaged . This philosophy for all airports excluding Mumbai and Delhi was based on the single till philosophy and all private airports have gone on an appeal against this order. The first hearing of the appellate was held a few weeks back and they have stated that no further approval for tariff can be done by AERA unless this appeal is heard. They have fixed the date of the next hearing on 6th of July and they have also allowed Hyderabad Airport in its specific appeal to make its tariff filing for Hyderabad by 31st of July. So in sense what it means is that they would necessarily look at the merit of our appeal and pass necessary orders before the application for finalization of tariff for Hyderabad airport would be conceded.

Abhishek Bhandari: So for this year while we report numbers for Hyderabad Airport, will we just include the aero charges and the non-aero charges will be removed or will you continue to book both of them?

Sidharath: No the books will continue to have aeronautical and non-aeronautical charges. We will continue to also show them the way they are. As far as the determination of the aeronautical charges is concerned, that is something which will be dependent on the final philosophy, which is currently under appeal. Last year, AERA had given us an ad-hoc approval for UDF where they had enhanced the UDF effective from November. That UDF we will continue to charge till the regulator looked at our final tariff determination, now the determination of the final tariff will be based upon the philosophy which they have espoused but which is under appeal, so if tomorrow the appeal goes in our favor then we will be filing for the final tariff determination based on the new philosophy. So that only determines the aeronautical charges, it does not affect the way you actually book your aeronautical and non-aeronautical revenues.

Moderator: Our next question is from the line of Lokesh Garg from Kotak Securities.

Lokesh Garg: DIAL is also supposed to move to Return on Capital based regulation, right, and obviously this could potentially happen once regulator decides on the first part but wanted to take your perspective as to what are the steps towards that and when do you expect it because as of now I believe the charges are as per AAI charges and not DIAL specific charges, right?

Sidharath: The first step in determination of charges was the determination of the project cost and also the funding gap which has to be financed by additional ADF. Now that process is nearing completion and we hope that in the next 6 to 8 weeks we will have a complete finality on that. Once that is done we would be going ahead and making an application for aeronautical tariffs, a revision in that, based on our concession documents, and that would be submitted to the regulator and from there the process of revision of aeronautical charges will start and that will take some time. Because the regulator will have to not just consider the concession documents but they will also have to apply their own philosophy in the way they want to determine the aeronautical charges for Delhi airport. The message they have been giving so far is that they would use the concession document, the OMDA for determining the aeronautical charges for Delhi and Mumbai. So we are hoping that and we are quite optimistic about this that the aeronautical charges which will be filing and based on which they will be approving the tariff for Delhi will be based upon the concession document.

Lokesh Garg: My other question is related to the Energy sector, essentially related to fuel resources for three plants; one is Vemagiri, other is Kamalanga and Chhattisgarh, what is the status right now and what is the situation you see considering the overall sectoral situation in these regards and perspective?

Subbarao: Kamalanga, we have a coal mine allocated as you know but that coal mine will take time for operation. We also have a captive linkage for the entire capacity and in the event so the concern is whether Coal India Ltd will be able to supply the entire coal requirement for the plant or not, that's a concern. But we have a backup facility in Indonesia, the Indonesian coal mine is beginning the production in next 1 or 2 months' time and we would be in a position to ready to supply the coal to the Kamalanga plant, in case if Coal India supply falls short of the requirement. The same answer would be applicable, to EMCO. We have the coal linkage for EMCO for the complete capacity but in the event if there is any shortage we will be able to supply the coal required to the extent of the short fall from our Indonesian coal mine because it is beginning the production. The third one is with regard to Chhattisgarh; it is long away, so Chhattisgarh is not beginning the production yet. Now, it is about three years away. we are waiting for the coal allocation, but in the event the coal allocation again if there is any short fall we have two coal mines, one in South Africa, one in Indonesia, and in the next three years we would also be able to secure some more coal resources, we don't have any concern on the fuel availability for Chhattisgarh. Vemagiri, as of now there are doubts, but according to the information that we have in our possession, by December when the plant begins operation we will have adequate gas supply from multiple sources.

Lokesh Garg: Kamalanga starts operation as per your PPT in 1Q of FY 13. So would Indonesian mine be able to generate something like let us say 6 to 8 million tons of coal which could be required both for Kamalanga and EMCO combined?

Subbarao: We don't need that much. Everyone's assessment is that Coal India will be able to supply at least 50%. So even if you want to run your coal plant with entire Indonesian coal mine you cannot run that because the moisture content is very high. No Indian coal pipe plant is designed today; the boilers are designed today to use the Indonesian coal completely. But we have designed our boilers to use 30% of Indonesian coal, if 50% domestic coal is available, 30% of that only can be imported and we can use it. So it all depends upon those circumstances, but we expect at least 50% domestic availability of the coal. So the balance that we need is about 202.5 million tons, which Indonesian coal mine would-be easily in a position to supply.

Moderator: Our next question is from the line of Pramod Amthe from RBS.

Pramod Amthe: This is with regard to the Airport division. In terms of the quarterly performance, the EBIT for the Airport division seems to have gone up substantially. What do you attribute this for? Because if I look at the individual airports, there is nothing significant to look forward to. So what is really driving this momentum in EBIT?

Sidharath: The EBITDA for the entire Airport sector for the full year is 656 crore against 535 crore for the last year. One contributor of this has been the increase in UDF at Hyderabad airport and as a result of which the EBITDA at Hyderabad airport has gone up against last year from 225 crore to almost 298 crore. Apart from Sabiha Gokcen, has been a first full year of operation and there the EBITDA has gone up from 57 crore to 133 crore.

Pramod Amthe: If I look for the fourth quarter versus the third quarter, there seems to be a decent jump but whereas on Delhi airport which haven't done any EBITDA at all. What is driving that, when you do the entire year?

Sidharath: The major contributor for growth in EBITDA which if you look at it on a quarter-over-quarter basis, on a sequential quarter basis, it is mainly because of Male which has come in. Male has contributed 45 crore of EBITDA for the entire Airport sector, apart from that if you compare Q4 of FY11 versus Q4 of FY 10 there has been increase in EBITDA at Sabiha Gokcen also and Hyderabad also has increased from 55 to 81 while Delhi has been a drag factor where the EBITDA has fallen from 86 to 0. There has been increase in EBITDA in all the other airports.

Subbarao: Adding to what Sidharath has said the various joint ventures in Delhi airport also have added about 30 crore EBITDA between Quarter 3 and Quarter 4.

Pramod Amthe: Which only comes when you do the Airport division per se?

Subbarao: Yes.

Pramod Amthe: And there have been talks about arrears pending with some of the airlines. What is your usual write-off policy with these debtors and where do you stand now?

Sidharath: We have a write-off policy which we have recently adopted at the Airport sector where we make part provisions based on the historic nature of overdue. If it is for 6 months then we make a part provision, if it is for 9 months, we take a higher provision. That policy has just been put in place. Before that we did not have a very specific policy. The dues have been mounting and naturally there have been some concerns which have been raised. It is there in the press also over the last few days because we have put both NACIL and Kingfisher on cash-and-carry. This has been taken as a set to put pressure so that the dues can be cleared. Kingfisher because of the pressure has paid about 25 crore today, it paid the 10 crore few days back and we also expect a resolution to the NACIL issue where the government will need to step in and assist in clearing the dues of NACIL. So we are quite hopeful that the issues of these two carriers. As far as over dues to Delhi and Hyderabad are concerned, they will be resolved in the near future.

Pramod Amthe: And coming to Delhi airport, the EBITDA being zero, is there any one-time in cost element which has led to this or is it a normal one, is it only the revenue improvement is the only resort to improve the EBITDA?

Subbarao: This one-time charge to the tune of about 50 crore, because the capitalization cost was going on and some of the expenses which have been incurred earlier were part of the capitalization on an audit review, so they have not been allowed for the capitalization. So this has primarily resulted in about 40 to 50 crore additional charge, one-time charge, non-recurring charge, so going forward this will not be there.

Moderator: Our next question is from the line of Deepak Agrawala from Merrill Lynch.

Deepak Agrawala: Why has Vemagiri plant reported a loss in the current year?

Subbarao: For the current quarter, not the entire current year. So last year we have recognized the deferred tax of about 70 crore plus in the fourth quarter. Current quarter, when you recognize deferred tax, progressively you have to amortize the deferred tax. In last quarter of the current year we have amortized 27 crore of 70 crore. So this 27 crore charge has come in the last quarter that has resulted in the loss.

Deepak Agrawala: What is the actual profit per year?

Subbarao: 21.46 is a profit if you ignore the tax charge, deferred tax amortization.

Deepak Agrawala: What is the full year profit for each of these three power companies, GMR Energy, Power and Vemagiri in absolute rupee term?

Subbarao: GMR Energy, 65 crore for the year, Vemagiri, 44 crore gross. GMR Energy is after knocking out the integrated company adjustments; GMR Energy is 13.41 crore, Vemagiri before the price tax adjustments it is 88 crore. GMR Power 70 crore, so this is the breakup and HEG, the Homeland Energy has given a loss of 23 crore and Power Trading has given a profit of 5.62 crore.

Deepak Agrawala: What is the status on the Delhi reality monetization? Most part of this year will go in for the consultation with the AERA for the tariff side. So would it be fair enough to assume that the reality will be again push forward?

Sidharath: As far as the CPD in Delhi is concerned during the current year; there is no linkage between the monetization process and the regulatory process. We would like to address a few issues on the reality side. One is of course entire demand for reality. We have already done 45 acres and what will be the demand which is emerging for reality in Delhi and more specifically in and around the airport. The second is the land use at Delhi airport, there is a change in land use which is required because there are certain restrictions on the use of CPD for specific purposes. We have already done almost 9 hotels which have about 6,000 rooms. Actually there is a limit to what you can do in terms of hospitality also. So keeping all these factors in mind during the current year I don't think that there would be any further monetization of CPD.

Moderator: The next question is from the line of Shilpa Krishnan from JP Morgan.

Shilpa Krishnan: Between GMR Energy and Vemagiri, I couldn't help noticing the fuel cost difference, both of which are gas-based, GMR Energy is 73 paisa and Vemagiri it is Rs 1.73. So why so much difference despite the similarity of location and fuel? I'm referring to Page 33 of your presentation where fuel cost for GMR Energy is 73 paisa only and that for Vemagiri Rs 1.73.

Subbarao: I think there is an error, Shilpa, Rs 1.93 is for GMR Energy and Rs 1.73 for Vemagiri the difference is accounted because of the interchange difference.

Shilpa Krishnan: The fixed cost and variable cost, do those get interchanged for?

Subbarao: It is an upcoming project.

Shilpa Krishnan: On the energy sector, could you give us a sense of the short-term bilateral for the Kakinada plant and what kind of rate could we expect for this year?

Bhaskar Anand: Currently, for the last quarter Kakinada plant we have done a merchant tariff of 3.90.

Shilpa Krishnan: True, but if you find any fresh bilateral contracts for the coming year could you just give us a sense of what rate to expect?

Bhaskar Anand: Up to June we have a contract with AP Transport at Rs 4.25.

Shilpa Krishnan: Anything beyond that?

Subbarao: No we don't have anything beyond that. Up to June, so we have not entered into any contract beyond that, no bilateral is available beyond that as on date.

Shilpa Krishnan: And coming to your Rajahmundry proposed plant, one of your peers was mentioning that given uncertainty on gas availability, they are not able to enter into any case one bids because the source of fuel they are not able to specify. Is that a similar experience you're finding with Rajahmundry as well where you are not able to enter in to competitive bids?

Subbarao: No, bids have been invited in the recent past, that's the reason we have not gone. So whilst we have waited so long, closer to the commissioning date we would be bidding but in the recent past no bids have been invited. We're just waiting so we don't have this kind of concern but by the time the plant gets ready for commissioning we are confident that the gas would be available and we would be in a position to participate in the bids if bids are available, otherwise in the due course we will participate in the bids.

Shilpa Krishnan: And my final question is pertaining to Page 50 of your presentation which is the cash flow statement. Now you have a negative working capital. Could you just elaborate on how you could manage a negative working capital, of Rs 13 billion?

Subbarao: Shilpa, I will come back to you on this.

Moderator: Our next question is from the line of Sandip Bansal from UBS.

Sandip Bansal: The other income for this quarter seems to be high. Are there any exceptionals included in that?

MS Narayan: In Island power, we have written off some 59 crore. Now this project got revived hence we could take back that benefit and we have again brought it as other income.

Subbarao: So when the plant was discarded earlier certain costs were incurred, but charged off, now since the plant is coming back to life, we are in a position to capitalize all those costs which were written off earlier. So this cost which to the tune of 29 crore which was charged off earlier to the profit and loss account, so now they are getting re-capitalized and they are getting reversed to the other income.

Sandip Bansal: My other question is related to the Highway sector. We hear a lot of news flows regarding NHAI awarding projects; plans award of projects in this financial year. So how is GMR looking at expanding its portfolio in this space and how are the under construction projects progressing?

DRS Krishnan: Let me take the project under construction now. Hyderabad-Vijayawada has already reached around 40% progress financially. With regard to the other two projects we are about 25% and we are planning to complete these projects in a period between 24 to 27 months of construction period and more or less we are on timeline and we would expect to complete them as planned. Coming to the project which are to be awarded by NHAI, this year NHAI is likely to award about 33,000 crore of projects which is roughly about 5,000 km of roads will be allotted during the year. Out of that we have already qualified for about 1,900 km of roads amounting to 17,800 crore. There are certain major projects in that like Wallajah-Poonamallee, then Jabalpur-Bhopal, Gwalior-Shivpuri and then Kishangarh-Ahmedabad which is a mega project which is likely to be around 5,500 crore and Ichapuram-Anandapuram which is also about 2,000 crore. In addition to that we are also looking at two of the State Projects for which we have been qualified. We have every chance, since more projects are coming in for bidding and the projects are now even though been aggressively bid, they are likely to be reaching a reality bidding stage in about a month or two. We are confident and we are looking at winning something around 5,000 to 6,000 crore during this year.

Moderator: Our next question is from the line of Rahul Agarwal from Anand Rathi.

Rahul Agarwal: One additional question on Island Power. We have totally reversed the vendor advance of 169 crore in FY 11 and we are also writing it off as part of the InterGen loss of 939 crore?

Subbarao: We are not writing it off. What we are writing off as part of InterGen loss is what we have funded by way of CCDs and took back, so success fees, interest on CCDs. All that I explained is, on account of InterGen we have incurred so much loss. 368 crore we have reversed, we have accounted by way of income reversal which was accounted as income in the earlier quarters and apart from this 168 crore another benefit we got from Island Power that is all that I explained. This 168-169 crore we have not accounted as part of the investment in the past.

Rahul Agarwal: So basically these 939 Crore of InterGen loss do not include these 169 crore of reversal, right?

MS Narayan: That is right.

Rahul Agarwal: So we are looking at a loss of 939 minus 366 for InterGen, right?

Subbarao: That is right, yes.

Rahul Agarwal: My next question was on DIAL. If you look at the depreciation on QoQ basis from 3rd Quarter FY 11 to 4th Quarter FY 11 gone up by 20 crore or so, but our interest is actually flat. So, is there some one-off here?

Sidharath: Are you referring to Q3 versus Q4?

Rahul Agarwal: Yes.

Sidharath: Depreciation has gone up basically because of partial capitalization in the last quarter and Q4 it has been a full capitalization period.

Rahul Agarwal: So, in that case our interest should also have gone up, right?

Sidharath: Finance charges have gone up from 115 to 122.

Rahul Agarwal: All right, could I know the exact capitalization number for DIAL now? How much is already done?

Mohanrao: For DIAL, current year 2010-2011 total addition to the gross block is 9,500 crore.

Rahul Agarwal: This is the gross block for DIAL as of now?

Mohanrao: No. This is addition.

Rahul Agarwal: Okay, this is additional capitalization?

Mohanrao: Yeah, as on 31st March 2011, the total gross block is around 10,300 crore.

Rahul Agarwal: The last thing on SGIA. Somehow I am not able to add the P&L of Sabiha Gokcen. If you see Q4, our EBITDA is close to Rs 278 million.

Sidharath: You are looking on 100% basis or full-year?

Rahul Agarwal: No. This is on 40% basis for the quarter, Slide No. 20?

Subbarao: For the quarter is 278 million.

Rahul Agarwal: Yes sir. If I go ahead and add other income and reduce depreciation, interest and amortization, I get a different PAT figure of Rs. 138 million, the presentation shows Rs. 196. Is there something missing there?

Subbarao: I think you have to add the fuel margin; you must have missed that out.

Rahul Agarwal: I already adjusted for that.

Sidharath: EBITDA somewhere close to for Q4 is about 38 crore.

Rahul Agarwal: 28 crore, right?

Subbarao: See, what we are saying is EBITDA for the airport operation is 28 million. In that you have to add 8.2 million fuel margin.

Rahul Agarwal: Okay, that comes to 36 crore.

Subbarao: Yes.

Rahul Agarwal: Then add 8 crore of other income and reduced 24 crore of interest and 13 crore of depreciation and 21 crore of amortization, right?

Subbarao: I think there is an error. So the other income the Forex is not 81, it is 21.

Moderator: Our next question is from the line of Vibhor Singhal from Alchemy Shares.

Vibhor Singhal: I have two questions. One is regarding the investment that we had in the airport holdings. How much of that has been drawn as of now or is it still pending. How much of that has reflected in the balance sheet for the year end?

Sidharath: In the airport hold co, we have a committed investment of $350 million of private equity and against that 200 million have already come in and that has been drawn.

Vibhor Singhal: So, the current cash at the consolidated level reflects as $200 million?

Subbarao: Yes, you are right.

Vibhor Singhal: And the entire amount in the GMR Energy is also reflected?

Sidharath: I think on 31st of March it will be still with the airport hold co.

Subbarao: Yes, the consolidated cash flow given in the balance sheet reflects that.

Sidharath: In consolidated, it will be there, yes.

Vibhor Singhal: In the consolidated, it is the $200 million of the airport investment and the entire $300 million for the Energy segment, both are reflected in the consolidated numbers, right?

Subbarao: 300 million is not there, out of the 300 million a lot of investment has already gone in.

Vibhor Singhal: Right. We have drawn the entire amount, right?

Subbarao: Yes, except 150 million of private equity, which is still pending for the closure. All the other private equity 300 million of Energy, 200 million of Airports, both have come in 31st March balance sheet.

Vibhor Singhal: Right. And on the performance of coal mines in South Africa, how was the performance and when do we expect the other Eloff mine to start operations?

Bhaskar Anand Eloff mine is currently the acquisition of certain land, etc., is happening. So Eloff is at least two years away for production to start. Kendal is already in operation and Kendal operation is improving and during the current quarter we are seeing a turnaround in Kendal production as well as the revenue is concerned.

Vibhor Singhal: Can I get the broad numbers of how much was the output for the Kendal mine and the revenue and the PAT numbers for the same?

Bhaskar Anand Kendal is doing almost half a million tons; we will just tell the figures on the EBITDA in a short while.

Moderator: The next question is from, Anand Raghavendran from Allegro Capital.

Anand Raghavendran: My question is with regards to the Delhi International Airport. The retail revenues as compared to last year have actually gone down. Is there any specific reason for that?

Mohanrao: Are you referring to the year-to-year or any specific quarter?

Anand Raghavendran: No. Year-to-year.

Mohanrao: When you compare to the retail that is Non Aero business it has gone up by roughly 10%.

Anand Raghavendran: No, but the slide number 10 says last year it was 1,296 million but this time its 1,091?

Sidharath: Are you talking for the quarter or for the full year?

Anand Raghavendran: Full year.

Sidharath: Full-year the total revenue has gone up from 684 crore to 699 crore on non-Aero which includes the cargo and fuel farm and ground handling.

Anand Raghavendran: My question in regards to the retail part which last year it was 129 crore, this year it is 109.

Sidharath: Yes, I think mainly because of the duty-free. This year there was two months transition period of the duty free and that is the reason why the duty-free income has gone down. Last year it was 120 crore, this year it is 81 crore. So there was a two months transition period. For the two months transition period in the current year. When the international airports opened there was a transition period.

Mohanrao: We also had in last year the NACIL settlement of 8 crore, we have got it. That is retail, but also is one of the contributing factor.

Anand Raghavendran: So how do you see it going further probably this year or the next year?

Mohanrao: The total non-aero business, we are expecting a very good jump this current year i.e. 2011-2012 even when compared to the 2010-2011 also. One of the main reasons is that we are having the lot of commercial space in the T3 versus our new terminal and we have announced there was lot of concessions here. And because of this, we are roughly expecting more than 80% to 90% increase in the non-aero revenue for the current year when compared to the 2010-2011.

Anand Raghavendran: So that is mostly because of the T3 addition. And also similarly Hyderabad airport also, the retail revenue has seen a very slow growth, 3% I think?

Mohanrao: Are you talking about the full year?

Anand Raghavendran: Yes, full year again.

Venkatramana T: Basically because of duty-free started only in July. Move from Nuance to our own duty free, so there was two months of no duty-free at all.

Anand Raghavendran: So even in Hyderabad airport it is because of the duty-free, two months lag?

Venkatramana T: Yes, that is right.

Anand Raghavendran: How do you see it going forward?

Sidharath: I think the duty-free operations have been taken on by a fully owned subsidiary from now and there has been a lot of learning on duty-free from Delhi operations and the team has ramped up operations in Hyderabad. There is a revamp of space which is happening in Hyderabad airport where the entire slew of passengers will be modified, will take into a count, the resale availability at the Airport. During the current year we expect a definitely a good increase on the retail and duty-free income at Hyderabad. It will be difficult to predict numbers at this stage but the growth is already there. The cent per pack at Hyderabad airport in Q4 on duty-free is about 50 cents per pack per quarter and that is growing at a fairly brisk pace on a month-on-month basis as the duty-free operations are ramped up more and more.

Moderator: Our next question is from the line of Rahul Agarwal from Anand Rathi.

Rahul Agarwal: In case of Male airport, what is the classification in terms of aero and non-aero?

Sidharath: Yes, let me take that. On the aeronautical side there is only the landing and parking and everything else is non-aeronautical.

Rahul Agarwal: So which majorly includes, say, for example for 4th Quarter we have like 56 crore of non-aero income. So out of that what will be the major part for year?

Sidharath: Major part would be the ground handling, where the ground handling is done by the airport. Apart from that there are rental. Then there is also cargo, there is duty -free there and also fuel sales. I think the presentation would be showing a net fuel margin. So the fuel sales are fairly significant in Male airport.

Rahul Agarwal: In case of our Highway segment, if we see the operating expenditure on QoQ basis has gone up and depreciation gone down. So is there some shift from depreciation to Opex done in this quarter?

DRS Krishnan: Depreciation is calculated based on the traffic. Since we are working this traffic figures closer to the year-end, we had arrived at the actual traffic and we had already charged access depreciation in the previous quarter that is why the last quarter depreciation has come down. We are not moving any depreciation to operating expense. The operating expenses in my opinion it is more or less same for all the six companies. They haven't gone up during last quarter. Depreciation has gone down because of the method of calculation even though we were following the same method, the actual traffic was calculated by an independent agency towards the end of March and that was applied for the year. So the excess depreciation provided in the earlier months has been reversed during the last quarter. That is why there was a reduction in depreciation.

Rahul Agarwal: So, how much would that be, if you can quantify?

Subbarao: Roughly about 10 crore reversal.

Bhaskar Anand: Question on Homeland Energy rent quarter space is $5.33 million and EBITDA of about $200.

Subbarao: There was a question from Shilpa. Shilpa, if you are there, the negative working capital, a lot of payments are still due to DIAL vendors, power project vendors. We have capitalized this thing, but we have not paid this thing. Say, for example, in the case of power projects 1,331 crore of vendor payments is pending, we have capital but we have not paid. In DIAL again there are projects creditors to the tune of 1,015 crore which we have capitalised but not paid. So these two payments are outstanding so that is the result. And the net current asset which is other than cash, not cash. If you see one line above there is adequate cash and that is how we can manage even if there is a demand. We have 3,373 crore cash and these are non-cash net current assets, primarily accounted by the creditor, which have been accounted, but not paid.

Moderator: I would now like to hand the floor over to Mr. Subbarao for closing comments.

Subbarao: Thank you all for your participation. If you have any questions pending please do write to us or write to our IR. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen on behalf of GMR Infrastructure Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.