



**“GMR Infrastructure Limited Q4FY19 Investor / Analyst
Conference Call Transcript”
Friday, 31st May 2019**

Moderator: Ladies and Gentlemen, Good day and welcome to the GMR Infrastructure Limited Q4 FY19 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by entering '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. We have with us today, Mr. Saurabh Chawla, Executive Director, Finance & Strategy and CFOs of GMRs Business Verticals. 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. Also, recording or transcribing of this call without prior permission of the management is strictly prohibited. I now hand the conference over to Mr. Saurabh Chawla for the opening remarks. Thank you and over to you Sir.

Saurabh Chawla: Thank you and good afternoon everybody. I welcome you to the Q4 annual results of FY2019. As you are aware the Indian elections have given us a government with full majority, which we expected to provide sufficient thrust to the infrastructure sector. The government has already hinted at over Rs.100 trillion of investment in infrastructure by 2024, which is a very positive sign for infrastructure companies such as GMR, which have always been at the forefront of nation building. During the year, we have achieved substantial progress towards meeting certain milestones in our strategic plan. Let me brief you on some of the key milestones achieved by GMR during the fiscal year.

The first major one was taking steps towards reduction of our corporate debt. As you are aware we have signed a binding term sheet with a group of strategic and financial investors, which is Tata Sons, GIC Singapore, which are a Sovereign Fund of Singapore and SSG Capital for investment of about Rs.8000 odd Crores in GMR airports. The transaction values GMR Airports at a post money valuation of about Rs.22500 Crores and this value includes the value of the earnings, which amount to about Rs.4500 Crores. This transaction will significantly help GMR to reduce its corporate debt and also help us unlock value in our underlying businesses. Additionally, this will also pave way for demerging airport businesses from the rest of the business verticals like energy, highways, etc.

The second milestone, which we have embarked ourselves upon, is to fairly value our businesses. This is a very significant exercise that we have undertaken during the fiscal year fairly valuing our underlying businesses, which entailed change in our accounting policy. We have reported our investments on a fair valuation basis as per Ind-AS as against the historical cost basis. As a result, the net worth of GMR Infrastructure Limited on a standalone basis has been restated to about Rs.11700 Crores.

The third milestone that we achieved is to demonstrate the underlying value in our land parcels especially in Delhi Airport or DIAL. At Delhi Airport, we initiated the phase three of land monetization establishing new benchmarks in valuation with Aerocity emerging as the new central business district of National Capital Region. Delhi Airport has successfully monetized 10 million square feet of land parcels to a consortium led by Bharti Realty Limited. For five million square feet, the developer will make a onetime payment of ~Rs.1837 Crores out of which about Rs.390 Crores have already been achieved and will also make Annual Lease Rentals to DIAL at ~Rs.363.5 Crores till 2036. The lease rentals shall get escalated by 50% for an extended period of 30 years till 2066. The developer shall be entitled to another five million square feet on the same consideration. Similarly, Hyderabad Airport has launched a GMR Business Park as an integrated office development spanning about 0.8 million square feet of leasable area. In addition, we have made significant progress for land monetization with customers such as Saffron, Amazon, etc., in both industrial and warehousing segments.

The third area where we are now working towards and we have initiated action is the expansion of the existing airports. I am happy to inform you that the airport platform is now poised for another level of growth both in Delhi and Hyderabad. They are currently undergoing expansion as per their respective master plans. Delhi Airport is undergoing expansion plan, which will ramp up capacity from 64 million passengers to 100 million passengers. Very recently Delhi Airport raised US\$350 million through a 10-year bond priced at 6.45% in order to part finance the expansion. Here I would really want to highlight one aspect is that the global investors are recognizing the quality of the Delhi Airport in a very different fashion vis-à-vis of course our domestic investors. Just to give you a sense for \$350 million ticket size, we received a demand of more than US\$2.5 billion.

Hyderabad Airport is also undergoing expansion plan to ramp up capacity from 12 million to 34 million passengers. Financial closure for financing the expansion plan has been achieved at Hyderabad. It has raised an amount of 300 million in the last quarter through a five-year bond priced at 5.375% in order to part finance this expansion. Additionally, we have added new airports to our portfolio. We have been awarded the Nagpur Airport, which is currently handling traffic of 2.18 million passengers and 7800 million tonnes of cargo. The airport has been growing at a CAGR of 11% and ranks 17th in terms of cargo traffic. It is a fast emerging major IT/ITeS Centre, logistics and aerospace hub along with major manufacturing base. Hyderabad is a Brownfield airport and hence our project actually is already underway in some form or the other. The scope of work, which includes construction of new terminal for a concession period of 30 years at a revenue share of about 14.49%.

The other airport that has been awarded to us is Bhogapuram, which is next to Vizag. We have emerged as the highest bidder for the airport. The current existing civil enclave of Visakhapatnam naval airfield handles about 2.33 million passengers and about 5000 tonnes of cargo. The passenger traffic is growing at about 14% CAGR over the last four years. The airport ranks fifth amongst the custom airports in India in terms of cargo traffic. The phase one of the airport shall be developed to cater about 6 million passengers per annum. The concession period is for 40 years, which is extendable by another 20 years. The airport authority as part of the condition precedent will procure all approvals for closure of the commercial operations from the existing Vizag Airport.

Crete is the other airport where GAL along with its partner Terna Group has signed concession agreement for new International Airport of Heraklion for 35 years. Crete is one of the most visited islands in Greece. This airport is the second largest airport in Greece and its registered traffic growth at a CAGR of 10% per annum over the last three years. The current airport is facing severe capacity constraints and will be replaced by the new airport at Kastelli.

The other business verticals in energy we have seen improvement in our operating performance and certain resolutions, which were underway. Our energy assets are also showing improvements in performance. We have achieved another big milestone by way of restructuring of our gas based power project Rajahmundry. The resolution plan has been improved by 100% of lenders and post the implementation of the resolution plan GREL has residual debt of Rs.1130 Crores to be repaid over 20 years.

With respect to the GMR Chhattisgarh Power Project, the lead bank is currently running the process of change in management through the resolution plan; this process is at an advanced stage and is expected to be completed shortly.

I will just quickly highlight some of the operating matrix in all the verticals. The Delhi Airport the traffic grew by 5% year-on-year to 69.2 million in FY2019 from 65.7 million in FY2018. Non-aero revenues grew by 16% YoY to Rs.2091 Crores in FY2019 from Rs.1800 Crores in FY2018. It generated a cash profit of Rs.413 Crores in FY2019 versus Rs.610 Crores for FY2018. It implemented the base airport charge, which protects the aero revenue as it acts as a floor for determination of aero revenues. It has been awarded the best airport in India and central Asia in 2019 by Skytrax World Airport Awards. It was also awarded the best airport by size and region (for over 40 million passengers per annum in Asia Pacific) by ACI-ASQ Awards 2018.

In Hyderabad Airport, the traffic grew by 17% YoY to 21.4 million in FY2019 from 18.3 million in FY2018. Non-aero revenues grew by 21% YoY from Rs.542 Crores in FY2019 from Rs.447 Crores in FY2018. Hyderabad Airport generated a cash profit of Rs.885 Crores in FY2019 versus Rs.807 Crores in FY2018. New frequencies were added to Bhopal, Jeddah and Ahmedabad from Hyderabad. New destinations to Durgapur, Nasik, Jharsuguda and Kolhapur.

The Hyderabad Airport was awarded the best regional airport by Skytrax in 2019 in India and Central Asia. It has also executed the second EPC contract with Megawide for offshore supply of airport systems.

Cebu in Philippines, the traffic grew by about 15% YoY to 11.51 million in FY2019 from 9.97 million in FY2018. Cebu generated a cash profit of ~Rs.77 Crores in FY2019 versus ~Rs.73 Crores in FY2018.

In the energy sector, in Kamalanga Power Project we achieved a PLF of 73% in FY2019 against 61% in FY2018. PAT of Rs.57 Crores in FY2019 as against loss of Rs.78 Crores in FY2018. It generated cash profit of Rs.359 Crores in FY2019 as against Rs.216 Crores in FY2018.

The Warora Power Project clocked a PLF of 74.1% in FY2019 against 71.3% in FY2018. The PAT growth of 36% YoY to Rs.263 Crores in FY2019 versus Rs.193 Crores in FY2018.

The Indonesia Coal Mine, we have seen sales volume increased by about 43% YoY to 24.4 million tonnes in FY2019. The revenue grew by 42% YoY to Rs.7141 Crores in FY2019.

The consolidated accounts that we have given to the markets and announced, they recorded gross revenue of Rs.7565 Crores during the year as against Rs.8721 Crores in FY18. The decline in revenue is mainly due to the netting off of revenue with expenses as per Ind-AS 115 in energy trading and decline in aero revenues in case of DIAL. EBITDA margin of 29% was achieved in FY2019 as against as 32% in FY2018. The impact is due to increase in other expenses mainly due to forex loss in case of DIAL. The loss for the year has increased due to onetime provisions of Rs.2212 Crores in the non-airport businesses.

I would now like to open the forum for the Q&A session. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Thank you. The first question is from the line of Parvez Aktar from Edelweiss. Please go ahead.

Parvez Aktar: Good evening Sir. Sir a couple of questions from my side. First would it be possible to get the status of the capex programme at the Delhi, Hyderabad and the Goa Airport?

GRK Babu: Yes. The capex at Delhi Airport is the board approved Rs.9794 Crores plus IDC. In case of Hyderabad it is about Rs.6700 Crores and Goa it is Rs.1900 Crores.

Parvez Aktar: Sir I know the project cost, I just wanted the status have we invited tenders let us say Delhi? Goa is already under construction and so on?

GRK Babu: In case of Delhi tendering international competitive bidding has already been done and there are five participants. Finally L&T has been the successful bidder. It is a single EPC contract. The total contract cost is about Rs.9300 Crores so including the PMC and all other cost it is Rs.9794

Crores, so L&T is already on the job they have already started and we have already paid mobilization advance also to them. When it comes to Hyderabad, the EPC contract has already been awarded to the L&T as well as the Megawide, so work is going on in a full swing. We have already started releasing the payments about Rs.1000 Crores to all the EPC contractors. In case of Goa, the work is already going on and there also the Megawide is the contractor and we have already started paying the payment. The work is going on in a full swing.

Parvez Aktar: Sure. The other question is we saw a dip in traffic growth in both the airports Delhi and Hyderabad this year, so is that mainly because of the Jet Airways issue or are there any other factors also involved in that?

GRK Babu: If you look at year-on-year in Delhi from 65.7 to 69.24 we have touched there is a growth of about 5.5% and in case of Hyderabad there is a good growth of about 17%.

Parvez Aktar: Sir I was referring to Q4, in Delhi there is a decline and Hyderabad also the growth has been slightly lower compared to what we have seen historically, so just wanted to understand are there any one offs involved here?

GRK Babu: Always Q4 compared to Q3 is always a little slower because it is seasonal, but yes Jet Airways impact is a little more in Delhi compared to Hyderabad.

Parvez Aktar: Sir last question from my side when do we expect the DIAL tariff order process to get concluded?

GRK Babu: The DIAL has already filed the application for the third control period tariff determination. AERA has already appointed SBICAP as their consultant. They have also appointed R. Subramanian & Company, another consultant to examine certain aspects. The work is going on, we are expecting the reports will be submitted to AERA by end of June 30, 2019, so the Era has also informed us that they will come out most probably consultation paper by July end. I am expecting the new tariffs by October.

Parvez Aktar: Sure Sir. That is it from my side and all the best for the future.

Moderator: Thank you. The next question is from the line of Divansh Nigotia from Securities Investment Management. Please go ahead.

Divansh Nigotia: Thanks for the opportunity. Sir my question was mainly related to the competitive scenario that we have been seeing in terms of bidding so the aggressive bidding is there from Adani for a lot of airports so going forward how are we navigating the competition or how are we looking at it going forward?

Saurabh Chawla: Why they have bidden at those high values I think you will have to ask Adanis for that. From our perspective, I think we look at our return on investment very carefully before we put any number in a bid. It is interesting to note that the two existing bidders are actually bidding at the

lower end of the whole spectrum, so I guess I think experience is showing in the bid as far as the new bids that have come on board. I do expect the new players to be far more aggressive if they want to enter into this sector, usually they pay that entry premium to come in, so it is not competition, we are going to compete against each other. They will be in their own airport cities and we will be in our own airport cities. Our focus is to make best return on investment in our existing airports. That is the focus.

Divansh Nigotia: Our return targets do not change going forward in terms of bidding the way we have bidden in the past. Is that correct way to interpret?

Saurabh Chawla: Absolutely. We will remain very much disciplined while we are entrepreneurial in nature, but we will be much disciplined as far as our bids go. As a matter of fact as and when the new investors also come on board they will add to that discipline and we will have, I would say healthy discussion before we bid for new airports going forward. So fiscal discipline is key. Operationally we are doing very well, but we need to achieve good fiscal discipline.

Divansh Nigotia: Sir in Goa can you just tell us the current status of the environmental clearance?

GRK Babu: As far as the environment clearance that Supreme Court, which has temporally given a stay. They have asked the Expert Advisory Committee to give their final findings so the Ministry of Environment helped and Expert Advisory Committee has already provided the information. They have filed their recommendation before the Supreme Court. That case has now listed for hearing in the first week of July. We are expecting that will be closed by July 15, 2019 and we are expecting the environmental clearance from the Supreme Court.

Divansh Nigotia: Sir for Crete, Bhogapuram and Nagpur when will they start contributing and what about the current construction status of Bhogapuram?

GRK Babu: Bhogapuram we are the successful L1 and we are yet to receive the award letter from the Government of Andhra Pradesh. As far as Nagpur is concerned we have received the letter from them and we are yet to execute the concession agreement.

Divansh Nigotia: And for Crete?

GRK Babu: Crete concession agreement has been signed. Now the matter has already gone to the Parliament of Greece, which they have approved it. Now it is going to the European Union. In the meantime, JVC has already been created. It is called International Airport Heraklion, Crete and the necessary equity infusion has already been done.

Divansh Nigotia: Sir can you just mention the equity infusion in all three of them and by when they will start contributing in our numbers?

GRK Babu: Crete will take five years for the construction period. Thereafter it will start providing it and as far as the Nagpur is concerned the, it is the Brownfield airport. It will start going, only the

construction we have to do it and the terminal expansion. The Bhogapuram is the new airport that has to be built. That will take about four to five years.

Divansh Nigotia: Sir in terms of deal with Tata do we see any kind of regulatory risk because they have an ownership interest in airlines, so can any contract of interest arrive?

Saurabh Chawla: We do not believe so neither does Tata's believe it. The filing for the competition commission is done by the investors and even if you look at the recent bidding processes, the government has allowed entities, which own airlines to go ahead and bid for the airports, so there is no restriction in that form. Also you must understand that this is a highly regulated sector, so operators and owners of the airport cannot just take decisions on their own. It is monitored and all decisions are taken in consonance with the regulator, so we do not foresee any risk, but yes the process will take some time. They will obviously like to understand where the overlaps are and what are the safeguards are so that the competition is maintained between the airlines there.

Divansh Nigotia: Sir the demerger process when do we start when the transaction being executed in terms of cash coming in our books and the demerger actually happening and need of timeline?

Saurabh Chawla: So from timeline perspective we expect the competition commission to come back with their findings or their approvals by end of June. I would say a transaction imminent closure will happen sometime in Q2, so July and August would be a reasonable time period in which we should expect the closure of the Tata GIC transaction. Once that transaction closes we will then move ahead with the next steps. I just want to point out right now that the demerger proposal is still pending. We await the findings of our consultants. It will be presented to the committee of board for demerger and then subsequently decisions will be taken, so early stages in it, but yes the path as you rightly articulated is where we will first close the transaction and then move for the demerger.

Divansh Nigotia: In Warora and Kamalanga some news item relating to the default from P&L it seems like Rs.250 Crores to Rs.400 Crores cash profit is there so what would be the actual cash flow from operation in these?

Amit Jain: Kamalanga has a cash profit if you look at the numbers and the same is true for Warora also.

Ashis Basu: In fact the news items, which was seen regarding GMR Warora these are as you must be aware in power sector all the companies are dealing with huge accumulated receivables, which is nearly Rs.40000 Crores for all the power companies till government is paying it, so these are more delays in recovery of receivables. Due to delay, Warora for the last two months the debt servicing is slightly delayed. It is more about delays and default. Kamalanga also similar so the accounts were regular till recently and then for delays in receivables from DISCOM, debt servicing has got delayed, we are trying to address it as we have been doing in the past.

Divansh Nigotia: Sir can I have the cash profit and cash flow from operation number for both of them as on March 19, 2019?

- Amit Jain:** If you look at March 19, 2019 the cash profit from Kamalanga was close to Rs.360 Crores and for Warora was close to Rs.206 Crores.
- Divansh Nigotia:** And cash flow from operations?
- Amit Jain:** Cash flow from operation we will come back to you later. These are the cash profits, which are generated.
- Divansh Nigotia:** In Tamil Nadu?
- Madhu Terdal:** Not only cash profit is an indication, but lot of receivables, which are in arrears. I think you have to take that into consideration before you come to any conclusion. I think Amit Jain will tell separately what kind of arrears are still remaining in Warora.
- Divansh Nigotia:** That makes sense. Sir in Tamil Nadu actually SIPCOT was going to buy there was some arrangement that was happening or you have, seen what would be the current status right now for the same?
- Saurabh Chawla:** Mr. Mohan Rao can you answer this?
- Mohan Rao:** In fact, SIPCOT is going to acquire this land and they have given the administrative approvals to the collector and now the collector is going to determine the price, so it is almost last leg. Once the collector determines the price and they will release and they will acquire the land.
- Divansh Nigotia:** Sir any rough idea or how much would be the amount?
- Mohan Rao:** At present we have no idea about that. In fact they are also doing a lot of exercise about that, so it will come out in future. At the moment, it is still not clear how much value will be there.
- Madhu Terdal:** But basically it will go by the formula of around 2.5 of the latest market value. I think as and when the compensation is ready the latest market value will be the benchmark, so I think we believe that with the passage of time the kind of realization must be pretty higher than what was envisaged earlier.
- Divansh Nigotia:** In Maldives the tax liability, which now that they are not going to pursue what is the current status as on March 19, 2019 have we received those refunds?
- GRK Babu:** When they have remitted the payment, the entire payment has been received from the Maldives government, subsequently only the internal revenue department has rights, subsequently the highest legal authority has confirmed that it is not sustainable and it is not maintainable.
- Divansh Nigotia:** So basically that there was a cash outgo from our side, which is not now going to happen if that is the right way to interpret?

- GRK Babu:** That is correct.
- Divansh Nigotia:** This is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Siddharth Agarwal from Prudent Value Partners. Please go ahead.
- Siddharth Agarwal:** Good afternoon Sir. Thanks for giving me the opportunity. Sir just carrying out from the previous participant about our Warora and Kamalanga so could you give us some sense of how much percentage of revenue are we actually able to collect from the power purchasers currently, what was the trigger point that we stopped having these receivables and the arrears have now started accumulating to a level that we have to actually default on our debt?
- Ashis Basu:** Firstly, there is a notion that a percentage of receivables is never collected is wrong that happens with DISCOM. For us we will obviously collect the entire money. The issue is the delay, that is the issue not how much will be collected. We in terms of the utilization of cash collection the biggest use is for operation and then immediate debt servicing, so we have been servicing debt in Warora. I think that news has attracted everybody's attention. We have been repaying debts also over the last three years besides the interest payment, so that has been going on. There are some accumulations especially from TANGEDCO, which is in huge financial stress. We have got order from Appellate Tribunal from CERC for payment, but they are stranded for cash and that is the reason our cash flow is delayed and debt servicing is delayed.
- Siddharth Agarwal:** Sir what about our Chhattisgarh project, as per our lenders finally come to a decision regarding the transaction about this, are we going to sell it off or purchase it, has that been approved?
- Madhu Terdal:** In fact most of the people have already given in principle approval. It slightly had slowed down because of the Reserve Bank guidelines, which were expected and also some banks were a little slow, but I can tell you that during the last one month it has picked up momentum. There were a lot of variations between the sanctions of various banks, so that reconciliation exercise is going on and the last consortium has again reaffirmed the need to close this resolution plan as early as possible. We believe that now all the banks have reconciled more or less their sanction terms, but they have to go to their respective boards for their final approvals, so I guess it may take between 30 to 45 days for the final closure, but the resolution process is on track and we believe that it is going to get closed sooner than later.
- Siddharth Agarwal:** Sir could you guide us with this resolution process can we expect a further write down on our carrying value for the Chhattisgarh plant or what something could be?
- Madhu Terdal:** We have completed. Everything 100% we have written off. Nothing is left to be written off. In fact, even Rajahmundry as well as Chhattisgarh with this current balance sheet we have completely 100% we have provided for. We have written off completely.

- Siddharth Agarwal:** Thank you. Sir of this Hyderabad and Vijayawada our project as well so as per our notes to accounts, so there has been a dispute with NHAI there, so could you Sir throw a little bit more light there, what is the expectation, are we looking at a significant write down in that particular project as well?
- Mohan Rao:** Yes regarding Hyderabad and Vijayawada you rightly mentioned that there is dispute on the basis of the change in law. The change in law in principle approved by the NHAI, but only the quantum how to determine the quantum has come to a position, so it went to arbitration, arbitration has gone to very advanced stage and we are expecting the decision by October or November by the arbitration about the award and because we are very positive and the probability is very high to get this favorable award for us.
- Siddharth Agarwal:** And Sir finally one last question from me regarding the other transaction that we did at the airport to the strategic investor, so in our estimates so in our estimates what we were doing in our analysis we thought that the airport business was worth a lot more than the value this transaction really happened because when we look at our peers whether it is Bengaluru Airport or Mumbai Airport, so Sir are you happy with the price that we got or is it more to do with and get some more strategic investors on board that we decided to do it at that particular value?
- Saurabh Chawla:** So as a seller we are never happy with the price that we get, so obviously our expectation was much higher, but I just would like to add over here is that we were able to negotiate the earn out, in certain areas where we are 100% sure the investors were still apportioning some kind of probability of those events really happening. For example, I would give an example for example the real estate monetization in DIAL, they were taking a very conservative view over the next five years as to what would be the volume of monetization and what value it will go. I will not give you the numbers because right now we are still in the finalization of the agreement stage, but with the current monetization, which Bharti Realty took we have actually achieved that turnout, so there are many such areas where as an international investor they had certain assumptions, which we believe are very conservative and we believe that we should be able to achieve all our earn outs and that is why we ascribe a much higher value if upfront despite a pre money valuation, which they put at about Rs.17000 odd Crores so we ascribe the value of about Rs.22500 Crores. It is only a question of time when you will see it.
- Siddharth Agarwal:** Thank you Sir. Sir I have a few questions, but I will come back in queue and we will see if time permits I will come back. Thank you Sir.
- Moderator:** Thank you. The next question is a followup from the line of Divansh Nigotia from Securities Investment Management. Please go ahead.
- Divansh Nigotia:** Sir just one question that I asked earlier and I think the amount of equity and investment in all the three airports for Crete, Bhogapuram and Nagpur if you can just mention that?

- Company Speaker:** In case of the Crete it is about \$72 million. That is that we have to invest over a period of the next three years and Bhogapuram as well as the Nagpur they are just working it out. As just per the model we are just working out. It will be around Rs.500 Crores to Rs.600 Crores initially.
- Divansh Nigotia:** Has there been any cash outgo as on March 19, 2019 for either of them?
- GRK Babu:** No. Bhogapuram and Nagpur we have not done anything else, only in the case of Crete we have sent some equity infusion. It is about 0.5 million.
- Divansh Nigotia:** Same material?
- GRK Babu:** The same material.
- Saurabh Chawla:** Just to also highlight for example in Nagpur it is a Brownfield airport, so there are internal accruals also, which get added onto the equity that goes towards the development, so what Babu has just told you is only the fresh amount of money, a substantial portion will be through the internal accruals of those airports itself.
- Divansh Nigotia:** What would be the steady state cash flows that we see from Nagpur?
- Amit Jain:** It is too early to comment on. Probably we have to wait for some more time. We will come back to you at the right time for that.
- Divansh Nigotia:** Sir in Delhi, the Hindon Airport will be a part of UDAN, do we see any impact of that on us?
- GRK Babu:** This is hardly anything. It is negligible.
- Divansh Nigotia:** So there is not much. Sir this is it from my side. Thank you.
- Moderator:** Thank you. The next question is a follow up from the line of Siddharth Agarwal from Prudent Value Partners. Please go ahead.
- Siddharth Agarwal:** Thank you Sir for giving me the opportunity again. Sir is it possible for you to share with us what is the regulated equity currently for both the DIAL as well as the Hyderabad Airports?
- GRK Babu:** The regulatory equity as far as Delhi is concerned it is about Rs.2450 Crores today?
- Siddharth Agarwal:** Rs.3450 Crores?
- GRK Babu:** Rs.2450 Crores and Rs.368 Crores is Hyderabad.
- Siddharth Agarwal:** Rs.358 Crores thank you Sir.
- GRK Babu:** Rs.358 Crores.

- Siddharth Agarwal:** Sir could you tell us a little bit more about our EPC project that DFCCIL that we are working on is it still going on I think a few quarters back we posted some losses there; what is the status of that project now?
- Mohan Rao:** DFCC project we already completed 50% project and there was slight delay because of the land they could not provide the DFCCIL. The losses what we have shown in this year about Rs.100 Crores most of the losses are notional because we had to get certain claims from the DFCCIL, which will materialize during the current year or next year. For example, GST we have to get reimbursement. We have to do the calculation, so on ad hoc basis they have 8% though it is a bit more than that, so like that, but however as accounting policy we have no choice but to show the losses, but these losses will be covered and we will get more claims also from the DFCCIL. To mention that okay they continue that they could not provide the land they have given extension of the time also for one year one shot, so it indicates that we will get lot of money from DFCCIL.
- Siddharth Agarwal:** Sir finally the last question is regarding our coal mine asset that we have in Indonesia, so strategically how does that asset fit in our plan of thing because finally we have actually diluted stake in our what I can say is the crown jewel and may be would it make sense to monetize such assets at giving them priority to monetization of those assets over our crown jewel, so how does that asset fit in our strategic newer things the Indonesian coal mines?
- Ashis Basu:** The coal mines on a standalone basis are doing fine. It has got as you would have noticed significant growth in production, revenue, so it is doing well, so down the line we will look at monetization and selling the stake at the right value.
- Siddharth Agarwal:** Sir thank you very much.
- Moderator:** Thank you. The next question is from the line of Sachin Kasera from Lucky Investment managers. Please go ahead.
- Sachin Kasera:** Sir any update on land monetization in the urban infra?
- Mohan Rao:** This land monetization I mean the urban infra as we mentioned earlier also in the Kakinada SEZ it is going on a very fast pace. In fact we closed certain deals. We monetized about 33 acres with the infusion of 50 lakhs plus, so now we also might have seen that we got the license for the commercial port and already the concession agreement signed and the process are going on all various studies to the construct the port. After declaration of the port there are substantial MOUs entered in the downstream industries, etc. In fact, recently Haldia also signed MOU with the government mentioning that their petrochemical project they will put up in Kakinada SEZ, so the land monetization we are expecting substantially during the current year and next year in the Kakinada SEZ.
- Sachin Kasera:** Any indication you can give?

- Madhu Terdal:** Just to add to what Mr. Mohan Rao is telling there has been a bit of slowness during the last three to four months because of the elections that were going around and the government decisions were not forthcoming. The monetization is substantially on account of the refinery and petrochemicals where almost 50% of the land monetization should happen during this current year and that is basically linked to the resolution on the port as well, so once all the final clearances and port is decided then I think you can see a very accelerated developments because already we have signed more than 30 to 40 MoUs with various people who have expressed interest in taking over the land once the port is in place and in the sense a developer is identified and the progress starts on that basis.
- Sachin Kasera:** Sir what is the type of amount we can expect in this current year?
- Company Speaker:** Maybe we will reserve it for the next quarter.
- Sachin Kasera:** Sure and Sir on the other SEZ I think it was SIPCOT right?
- Mohan Rao:** The other SEZ this Tamil Nadu SEZ that is Krishnagiri what we call, we got the government approvals. TIDCO also has given the approval to develop it as industrial park and in a phase we have identified as 275 acres one plot and we are making the infrastructure development there and also recently inaugurated by the Chief Minister of Tamil Nadu of this and we also appointed DCG to monetize the land in Krishnagiri and it is going on in full swing, so mainly just started. We started developing the infrastructure facility to attract the customers now.
- Sachin Kasera:** There also this year we expect some decent monetization Sir?
- Mohan Rao:** Current year yes not in a very big way, but we are expecting some monetization in the current year also in Krishnagiri as anchor customers two to three customers.
- Sachin Kasera:** Sir on DIAL any more land monetization we are seeing there in FY2020?
- GRK Babu:** No whatever has already been done in the last quarter this current financial year we are not expecting.
- Sachin Kasera:** When do we expect the next round of land monetization in DIAL Sir?
- GRK Babu:** In the current monetization itself 4.9 million square foot of the development, which we have given to Bharti successful bidder, they have been given option to pick it up another ~4.9 million square feet and that they can do in a period of five years, so in addition to that we have some other land parcels, which we are exploring that may take place only during the current financial year.
- Sachin Kasera:** So fair to assume that for the next seven to eight years now there is going to be no more land monetization is that a fair assumption?

- GRK Babu:** No, what we said is 4.8 million square feet Bharti can pick up in five years. If they pick up in this current financial year the same price if they pick up the next four years the price will be increased by 5% that is the model, so that land parcel will be kept for them. However, the remaining land parcel we can release that.
- Sachin Kasera:** That was exactly my question Sir so other than the area that is at option will be Bharti are we looking at monetization of some more land parcels in DIAL in the next one to two years?
- Saurabh Chawla:** Yes we are looking for them, but at this stage I cannot guide you as to what would be the volume, but yes there are a few smaller land parcels both in the hospitality space and also in the corporate office space that we are looking at. I just want to highlight over here that 10 million square feet or 5 million square feet in five years is a significant number to be absorbed. We have to carefully plan monetization as per the master plan that we have in close coordination with the people who win the bid, so we are not doing a fire sale over here. We are doing a development in partnership with a developer, so we will have to take it in small bids, but yes there are few parcels, which will go in the next two years.
- Sachin Kasera:** Sir one data question so how much land is available now for monetization in DIAL post this Bharti deal?
- Amit Jain:** More than 100 acre is available post the Bharti deal.
- Sachin Kasera:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Gaurav Mittal from Edelweiss. Please go ahead.
- Gaurav Mittal:** Thank you Sir for the opportunity. Sir my first question is what is the status of capex programme at Bajoli Holi?
- Ashis Basu:** When you say capex programme Bajoli Holi.
- Gaurav Mittal:** At our Bajoli Holi plant how much capex do we intend to incur over the next two to three years?
- Ashis Basu:** Only one-and-a-half year we are going to start the operations.
- Ashis Basu:** The operations should start next year.
- Gaurav Mittal:** By FY2020?
- Manojkumar Singh:** Currently right now the Bajoli Holi close to 81% of the construction has been completed. Right now we have ramped up the manpower over there to immediately expedite and come closer to the operation of the plant. As far as right now when we talk about the project cost, which we are working is that in range of Rs.2600 Crores out of which Rs.2000 Crores has already been

incurred on the project so balance Rs.700 Crores to Rs.600 Crores going forward we are going to spend on the project.

Gaurav Mittal: Got it Sir and Sir secondly there was a decline in Kamalanga's PLF this quarter is there any major maintenance that we took?

Manojkumar Singh: There were two major maintenance, in January unit two was shut down for 30 days and unit three was shut down for 30 days in February, so collectively if you can consider this reduce on an overall annual basis a 5% reduction in the PLF.

Ashis Basu: These are planned annual overhauls. As of today or the last week or thereafter it is running at nearly 83% to 84% PLF.

Gaurav Mittal: Got it Sir and Sir just lastly just to clarify so both Warora and Kamalanga have not been able to service debt this quarter right or rather the interest payment?

Ashis Basu: Not this quarter. Our interest payment is monthly, so we have been paying all this. March interest is also paid. Warora there is some delay in payment of last month interest.

Gaurav Mittal: Kamalanga there is no delay?

Ashis Basu: Kamalanga also there is some 30 days delay.

Mohan Rao: These delays as I had mentioned if you were present during the Q&A delayed receivables from DISCOM.

Manojkumar Singh: If you see like in Warora as of March 31, 2019 there was a regulatory receivable in the range of Rs.380 Crores and regular receivable is in the range of Rs.365 Crores so collectively Rs.790 Crores of Warora has a receivable position outstanding. Kamalanga has a regulatory outstanding position of Rs.870 Crores and there is a regular receivable of Rs.174 Crores, so collectively Rs.1000 Crores plus in Kamalanga so when you talk about the delays, which are happening it is not the monthly delays, which are ranging in the range of Rs.30 Crores to Rs.40 Crores sort of thing as against these are the outstanding receivable position standing over that, so once we realize this receivables from all the DICOMs, which we are working out and we are persuading also we will be clearing it at the earliest.

Gaurav Mittal: Got it Sir. Thank you so much.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to the management for their closing comments. Over to you Sir!

Saurabh Chawla: Thank you everybody for participating in our Q4 annual results call. We appreciate your time. We are available offline should you have further questions, you can send e-mails to Amit and his team and we will revert back with additional details. Thank you so much.



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

Note: Transcript has been edited to improve readability.