“GMR Infrastructure Limited Q2FY21 Investor / Analyst Conference Call Transcript”
Wednesday, 11 November 2020

Moderator: Ladies and Gentlemen, Good day and welcome to the GMR Infrastructure Limited Q2 FY21 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 Margaret and good evening to all. I welcome you all to the Q2 call for FY2021. I hope everybody on the call and the families are safe and pray that they remain so. Despite COVID conditions, the company has made substantial progress on all fronts with strategic initiatives.

To begin with I would like to update you on the group’s initiative on the strategic restructuring via demerger to unlock value for the shareholders. We have filed a composite scheme of amalgamation and arrangement amongst GMR Power Infra Limited and GMR Infra Limited and GMR Power and Urban Infra Limited and the respective shareholders with the stock exchanges. The company expects feedback from the stock exchanges by end of December post which the company shall file the requisite petition with National Company Law Tribunal or NCLT. Needless to say, the demerger will create India’s pure play listed airport company, which will not only attract different class of long-term investors, but also substantially reduce the cost of capital for the airport business. Secondly, with an objective to reduce the corporate debt further, the GMR Infrastructure Ltd signed definitive agreements for the sale of equity owned GMR SEZ and Port Holding Limited of its entire 51% stake in Kakinada SEZ Limited i.e. KSEZ to Aurobindo Realty and Infrastructure Private Limited. As part of this, the 100% equity stake of Kakinada Gateway Port Limited held by KSEZ will would also be transferred to Aurobindo Realty. Total consideration for the sale of equity stake including the sub debt in KSEZ is about Rs.2610 Crores. Out of this, Rs.1600 Crores would be received on the closing date and balance about Rs. 1010 Crores would be received in the next 2 to 3 years as it is contingent upon certain milestones that need to be achieved.

GMR Infra is continuously adapting to the situation created by COVID and have focused on the following measures to mitigate the challenges. Our first task was to conserve cash. We have worked hard to conserve cash through rescheduling of our capex plan. The Delhi airport expansion where the original plan was completion by September 2022, we are now targeting to complete by June 2023 though we have taken an approval up to September 2023. Similarly, in Hyderabad expansion the original plan was March 2022; however, we are now targeting to complete before December 2022. Goa airport, which is a Greenfield development, the CoD has been revised from May 2022 to August 2022. At the airports we have consolidated our infrastructures to adapt to the nature of traffic and to reduce operating cost. Initially all operations in Delhi airport were merged into Terminal 3; however, now as traffic has started to come back Terminal 2 has also been opened up recently. We reviewed all our budgets with a focus on incurring only essential expenditures resulting in reducing current operating cost. All of the above was achieved whilst we ensure maximum security and safety to our customers to restore confidence such as adapting to effective hygiene standards at our assets and facilities. In this regard, Delhi airport has recently been recognized as a second safest airport in the world after Changi and if you look at the traffic at Changi, which is comparatively minuscule to the Delhi airport as of now.

Coming to business front, GMR businesses are on a strong path of recovery. To start with our airports have witnessed significant increase in traffic. Restrictions and operation of domestic flights were lifted from May 25, 2020 with easing restrictions on flight capacity. Foreign carriers operating to and from India under air bubbles arrangement. Air bubbles is now established with 21 nations including US, UK, Canada, Germany, France, UAE, Qatar, Japan, Nigeria, Oman, etc. We are expecting that these air bubbles will get further expanded to the eastern part of the world mainly Singapore, Hong Kong, Australia and other nations in the future. Delhi airport's domestic daily traffic, which was recorded at about 15% of pre-COVID levels in the first week of reopening in May, has improved to 47% in the 24th week. International PAT has improved from 3% to 19% during the same period. Post-COVID Delhi airport expanded international market share from 25.6% to 36.3% and the domestic market share from 17.6% to 21.6%. 17 foreign carriers and 6 Indian carriers together connected 47 international destinations under the Vande Bharat/ Air Bubble in September 2020. With this, Delhi airport is currently the best-connected airport in India.

Hyderabad airports, domestic daily average was about 8% of pre-COVID levels for the first week of reopening in May has improved to 54% in the 24th week. International pass has improved from 2% to 18% during the same period. By end of September 2020, 95% of domestic connectivity achieved prior to pre-COVID levels. 52 domestic destinations connected as compared to 55 destinations operating pre-COVID. Hyderabad airport is the second-best connected airport in the country after Delhi airport. On the international front, 8 destinations were connected under the Air Bubble, which is 50% of the pre-COVID international connectivity.

Cargo Domestic Daily average tonnage at Delhi Airport which was at ~17% of pre-Covid levels for 1st week of re-opening in May has improved to 68% during 24th week. Cargo International daily average tonnage which was at ~47% of pre-Covid levels for 1st week of opening has ; improved to 81% during 24th week

- Cargo domestic daily average tonnage at Hyderabad airport improved from ~8% of pre-Covid levels in 1st week of opening to 80% in 24th week whereas International daily average tonnage improved to ~76% in 24th week from 65% in 1st week.

As you can see the traffic has come back and the forecast is as we look into the future, we believe that the domestic traffic should be back to the pre-COVID levels by March 2021. We believe that the international traffic, which will be much slower to come back and we expect that the international traffic should also come back by middle of next year, which is 2021 to the pre-COVID levels. The recovery of traffic is encouraging as it is achieved in the environment of restricted international capacity as imposed by the government. Need to keep into perspective, the government had allowed 33% capacity for airlines from June 25, 2020 and now subsequently increased to 45% till September 2, 2020 post which the cap has now been increased to 60%. As and when the capacity restriction eases, we expect significant increase in traffic led by domestic travel.

Additionally, some key factors, which will also play a key role in boosting the traffic are innovations around technologies for testing and safety, which is smoothing the travel experience. For your information Delhi airport started India's first COVID testing lab at an airport. Delhi airport has also emerged as the world's second safest airport as I had highlighted earlier as per the safe travel parameter, which has assessed more than 200 airports. Globally, also various institutions and companies are carrying out innovations and rapid testing technology for instance. The Food and Drug administration has been now authorized the first finger-prick blood COVID-19 test for point of care use. Point of care testing is testing performed outside of a lab close to the patient in the doctor's office or hospital room or anywhere the patient is. India and Israel are conducting trials on a Rapid Testing Gun that have the potential to detect Covid 19 in 30 seconds. The work on the rapid COVID-19 testing project is in advanced stage. US recently authorized a 15-minute COVID test from Abbott Laboratories, which is currently priced at about $5. Again a very interesting development took place last week is that Singapore's Brethonics has done clinical trials of 60-second COVID-19 breathanalyzer test, which has at least 90% accuracy. Such a test can be used for mass screening in high traffic areas such as airports, hotels, transportation hubs, etc. They are rolling out this testing very soon.

Secondly, the vaccination developments will provide a significant uplift in the traffic as the World Health Organization 150 plus COVID-19 vaccines are presently under development with ~44 candidates in clinical trials and ~11 undergoing late stage testing. You must have seen recently Pfizer and BioNTech had recently announced vaccine candidate against COVID-19 achieving success in first interim analysis from a phase 3 test study. This vaccine candidate was found to be more than 90% effective in preventing COVID-19 in participants without evidence of previous

SARS-CoV-2 infection. AstraZeneca in collaboration with University of Oxford is expected to release data of its vaccines late stage clinical trials soon and the vaccine shot is likely to be deployed before December 2020 with UK's health regulators started rolling review of the candidates this month.

Thirdly, beneficial to air traffic will also be from cannibalization of traffic from rail to air due to safety benefits from the relatively safer air travel. As you are aware air travel involves sitting in a close cabin, but the cabin air is circulated and refreshed and filtered through HEPA filters every 2 minutes. We have been tracking migration of such traffic from rail to air very closely. During last two months we have also seen substantial improvements in business travel, which is actually mostly same day travel, which has now been increasing on a steady basis.

On the other businesses, the energy business is also seeing strong traction. Power demand and coal supply are improving as the lockdown has eased up resulting in significantly high PLFs. PLFs of Warora and Kamalanga were at 49% and 52% respectively during April 2020 during the lockdown, which has now improved to 89% and 98% in October 2020 respectively. Data till November 6, 2020, shows that Warora and Kamalanga are running at almost 98% and 100% PLFs respectively. We are also keenly focusing on managing working capital so that it is done in a very efficient manner. At Kamalanga Power Plant we have received 50% on the regulatory receivables that is about Rs. 283 Crores from Haryana DISCOM and the balance will be paid after disposal of the case by Supreme Court. Additionally, usance LC allowed for coal payment is also resulting in effective higher working capital availability for the power plants.

In the highway business, Hyderabad-Vijayawada and Ambala-Chandigarh expressways have also reached 93% and 90% traffic as compared to pre-COVID levels in October 2020. On the dedicated freight corridor project construction work is picking up pace. The authority has extended the timelines for completion of this project and the pace of execution is likely to further accelerate in this post monsoon period. As of September end around 60% of package 201 and around 70% of package 202 have been completed. Friends you would have already received our presentation and all the financial numbers. We are available to respond to your queries on this call and offline post this call and any specific aspect of our presentation including the financial numbers. Now I would like to open the forum and my colleagues from the corporate can answer your queries. Thank you so much.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mohit Kumar from DAM Capital Advisors. Please go ahead.

Mohit Kumar: Sir, two questions, firstly on of course we completed the deal with group ADP and we got a substantial amount of money in Q4 and Q2, but our corporate debt still seems to be around 50 billion, am I right in saying that and our corporate debt was at the end of Q3 was 90 billion, and second can just tell what is the trajectory, how you guys are approaching corporate debt and what is the level we can see at the end of Q4 FY2021?

Suresh Bagrodia: I do not know whether you have actually seen movement between the numbers that we had actually on June 30, 2020 and September 30, 2020, and you would be able to very clearly see that all the funds that we received have been primarily used for repayment of debt and servicing of interest, but a small amount that has been put into some kind of small investment, but then primarily all of them has been used for repayment of debt and servicing of interest.

Saurabh Chawla: Just to add on to this GIL received about 3500 Crores, whereas GAL received about 1000 Crores odd from the second tranche of the ADP transaction and out of the 3500 Crores almost I would say 2800 - 2900 Crores odd has been used to pay down debt and accrued interest on that debt, so sometime we forget the interest portion of it in our equation and our strategy of course is that the balance corporate debt, which should be around Rs. 5200 Crores odd debt that should also get reduced in a short period of time. As you are aware we have entered into a strategic divestment of our 51% stake in Kakinada where we will receive about 1600 Crores from them and that will be used again for clearing down part of the debt and there are many few other divestments that we have under our wings that are progressing quite well, so our task is to reduce the corporate debt down to a net debt zero position and we are fully focused on that. On the GAL side of it of the 1000 Crores odd that came in obviously a part of it has been paid by GAL to some of its NCD holders and of course GAL is also an investor in some of the Greenfield projects where projects are being undertaken especially in Goa, so they have some allocation of money towards that, so broadly that is the construct that I can tell you right now.

Mohit Kumar: Understood Sir. Second the CPD rentals for Delhi airport we see a substantial decline, have you given any moratorium to our clients and do we expect from H2 onwards the payments normalize?

GRK Babu: No, we have not made any waiver as such. But to conserve the cash since the payment from the CPD especially Bharti deal is subject to approval from Airport Authority of India. So to conserve the cash we have not recognized the revenue. So soon after we get the approval, which we were expecting in the last quarter then we will recognize the entire revenue that moment we receive the approval. It is only just to conserve the cash, not to recognize the revenue of course even the auditors have qualified it.

Mohit Kumar: Understood Sir. Lastly have we got any moratorium for our revenue share for the H1 and have you taken any moratorium on our loan repayment?

Suresh Bagrodia: No, we do not have as far as airport is concerned any loans from banking sector, only joint venture subsidiaries have got a very small amounts and there also we have not exercised any moratorium. Both DIAL and HIAL got only the international bonds where the principal payment is not there, interest is continuously serviced. There is no any deferment.

Mohit Kumar: Sir, on the revenue share, are we getting any?

GRK Babu: No, with regards to the revenue share we have applied to be Airport Authority of India. They have not yet responded. Even in case of the Mumbai airport they have given only April, May and June, and which they have already recovered in the month of July, so we have applied for it. As of today they have not provided. But we have already raised the issue with AAI. We may hear from them shortly. But as of today we have been continuously paying the revenue share as per the OMDA. There is no deferment nor is there any default from our side.

Mohit Kumar: Understood Sir. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: My question relates to your demand or revival of international traffic recovering soon over the next 6 to 9 months, it will be useful if you could give us a sense of mix of the traffic and some more thoughts on how you would think through the different segments normalizing to pre-COVID levels over the next 6 to 9 months, may be in leisure, business, educational purpose or something else in sense of traffic?

Saurabh Chawla: You are absolutely right different segments in the international traffic being the first to come back would be the business travel, but in the international traffic if you look at it most of the non-resident Indians are travelling back or forth that is the first to come back, initially of course it was evacuation flight from Vande Bharat, but now as the evacuations have subsided it is mostly the I wouldn't call it the tourist travel, but I would call it as a leisure travel where friends and family are visiting each other. We do get spikes in this say for example in the month of August the spike was where there was lot of students who were travelling back to Europe and US, you will see again that same spike come back in mid to end of December as Christmas holidays coming as the students travel back and between of course people will travel will see an uptake in that particular segment of it. We do not foresee too much of a tourist travel happening at least for the next few months and that is primarily because of pains are going through the mechanism if you have to travel to Europe you will have to do mandatory quarantine by which time your actually holiday period is over so tourism will be the last to come back, but both business and the leisure travel will continue to pick up. We hope actually by next summer, which is April-May we will have many of these innovative testing technologies, which will play actually a much bigger role, vaccines are very important, vaccine will of course ensure that the world economic orders comes back to normalization, but the testing technologies would be actually a leading factor, so which I have highlighted in my opening remarks also, we have highlighted in our presentation as to how these testing technologies were at the point of embarkation itself you are tested and certified as a safe traveler, which will ensure that at the point of disembarkation you are not going to go through the same procedures and protocols, which every traveler would require. We have learnt from an experience if you look at we were at the forefront of pursuing with the Government of India to allow travelers who have taken COVID tests and have reports, which are not more than 72 hours old and those can be uploaded on to a website, which initially was posted by Delhi airports now it is going to get migrated to the government portal, once it is uploaded on to that then it is actually almost like a walkthrough, if you are pretested you can just walkthrough and you have a 7-day home isolation that you all have to do, you dont have to go through an institutional quarantine process, so these things are evolving. We also have as I said earlier that we have COVID testing facility at the Delhi airport, you know testing over there it takes about three to three-and-a-half hours to take a test report, once you have that report you are actually free to go, so all these measures will actually help in bringing back traffic. As on date, for example, tourist visas are not being issue, so working with the government to open up that is an important segment it would not happen very soon, but by the time end of this fiscal year when the real tourist season starts to open up you will see protocols getting modified for an easier and safer travel, so to answer in short I think I am in a long winding discourse on this, but to answer short the first to come back will be business travel, we see an uptick in business travel, people have been traveling abroad for one or two weeks for their work and they are pretested over there so that at the point of disembarkation their protocols are much easier. We see a continuous flow of non-resident Indians and Indians traveling for leisure and we still do not see the tourism traffic, which we all set will take some time to open up once these protocols get eased based on the testing technologies.

Aditya Mongia: Would it be fair to say that within the international traffic the largest chunk and this I am talking about pre-COVID volumes are actually BFR travel followed by business followed by pure tourism, is that the fair assumption to make?

Saurabh Chawla: Yes, I think the tourism was a large chunk, but you are right between business travel and NRI travel that category I think that was a bulk travel, so the travel that happens to the west coast, to the North America and happens to UK, happens to the Middle East that has opened up substantially, but yes tourism traffic has yet to come back.

Aditya Mongia: I will get back in the queue for more questions. Thanks a lot for your response. Thank you.

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

Gautam Prasad: Just one question from my end, I just wanted to check in terms of the QIP that was initially envisaged is that on the table or off the table and if it is on the table what is the timeline?

Saurabh Chawla: We did take a resolution from the shareholders to do a QIP, we do intent to do it, but at this stage we do not have the Board resolution to go ahead, at the appropriate time we will surely look at doing the transaction, but at this stage we do not have the Board approval to do any equity capital transaction.

Moderator: Thank you. The next question is from the line of Sudhakar Vemparala from Sridevii Capital. Please go ahead.

Sudhakar Vemparala: Thanks for giving the opportunity. Last month somewhere around mid of last month in newspaper it was reported that TATA Group is going to invest some 5000 Crores in GMR Krishnagiri SIR, how much true is in that?

Saurabh Chawla: I would not allude too much on newspaper reports, I think as and when we have anything which is concrete and we have entered into any agreements and we will be the first one to inform the investors through our disclosures to the stock exchanges, so at this time all I can say is that these are very speculative stories, there is nothing which is concrete in hand.

Sudhakar Vemparala: Thanks for the reply. Another question is on corporate debt; once the demerger is completed how much will be on GMR Infra books?

Saurabh Chawla: As I was alluding earlier to an earlier question of debt on the corporate books our effort is right now to ensure that the corporate debt actually comes down to almost a net zero position, so the allocation between GIL airports and GIL non-airports actually we are working towards it to make it more of an academic exercise, so that is what we are actually working to it.

Sudhakar Vemparala: Thanks and best of luck.

Moderator: Thank you. The next question is from the line of Parvez Akhtar from Edelweiss Securities. Please go ahead.

Parvez Akhtar: Good evening gentlemen. Couple of questions from my side, first in our presentation we have mentioned that for the Kakinada SEZ we will get about 1000 Crores odd in the next two, three years whereas the balance 1600 Crores will be received on the closing date, just wanted to check what exactly in the closing date and how much time duration?

Saurabh Chawla: I think it is good that you asked this question I just want to clarify that, that we are looking at the closing date end of November, early December that is the timeline where we hope to get about 1600 Crores odd in the first tranche, the 1600 Crores for which we have to complete certain condition precedents, certain approvals, regulatory and otherwise have to be sought and once those are in place then we will be move in for the first closing. The balance 1000 Crores odd will come over the period of next 2 to 3 years and of course there are certain milestones that are attached to it, which whenever they get achieved, we will get those 1000 Crores odd that is the broad construct.

Parvez Akhtar: Is there any debt also in Kakinada SEZ, which will go away with this transaction?

Saurabh Chawla: Yes, there is debt over there. Amit you want to highlight.

Amit Jain: There is a debt of close to about 423 Crores, so with this transaction that will be taken care of.

Parvez Akhtar: My second question is with regards to the capex that we have in our airports in Delhi, Hyderabad and Goa, so what is the status there?

GRK Babu: You wanted to know what the capex is to be...

Parvez Akhtar: I know the capex, so is it on, and have we taken some decision to defer it?

GRK Babu: I think they have already explained that in case of the Delhi, which was originally planned to complete the capex by June 2022 now we have shifted to June 2023 and maximum September

2023. In case of Hyderabad we originally planned March 2022, now we said September 2022 or before December we will complete it. That deferment of about nearly 9 months to one year is basically because of the COVID and to catch up, so that is the deferment that we have already done.

Parvez Akhtar: What about Goa?

GRK Babu: Goa as per the original plan actually September 2020; however, because of the court cases it has already been delayed by 2 years, so right now the approval from the government of Goa before pre-COVID we have already got up to May 2022, and because of the COVID we will get another 3 months extension, so our target is to complete by August 2022. The work is going on full swing.

Parvez Akhtar: Lastly what is the current status on the demerger process?

Saurabh Chawla: Yes, on the demerger as I highlighted in my opening remarks we should get the approval of the stock exchanges and SEBI by mid to end of December post which we will be filing with NCLT in early January and that is the timeline. Usually it takes about 6 months after the filing with NCLT to get the NCLT order. There are few approvals that would be taken at NCLT, which is shareholder approval, and the financial creditors approval and all that stuff so it is a pretty standard process and it will undergo through that so the first step is to get the approval of the stock exchanges and SEBI, which should happen mid to end of December

Parvez Akhtar: Thanks. That is it from my side and all the best.

Moderator: Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

Ashish Shah: Thank you for the opportunity. Sir just coming back to the question of corporate debt maybe I need some help understanding this, you have shown that about 22% of the total net debt of 23,100 Crores is corporate so that comes to about 5100 Crores, so with it I think you said the debt was about 3000 Crores, so is there anything the classification that I am not understanding here?

Amit Jain: Debt, which was as of June 6700 now it is 5200 as per the classification, but there are other debts for example we have reduced the energy debt and all, so if you see what was mentioned a reduction of 3000 Crores was because of the money what we have received from ADP.

Ashish Shah: The energy related debt had also been reduced as a part of this, so per se we may not be seeing the entire reduction in the classification of corporate, some other debts have been reduced is that right understanding?

Amit Jain: What was indicated earlier the entire money what we received from ADP had been used to service the corporate debt including the interest, major portion of the money what we received is for this utilization, which is debt as well as interest, obviously small portion has gone for some investments like Goa and all, but major portion is utilized for debt reduction or servicing of debt.

Ashish Shah: Sure Sir. Also secondly, we did say that the second tranche of Kakinada say also about 1000 Crores over 2 to 3 years are subject to certain of milestones, so could you give some colour on that, what are those milestones about?

Saurabh Chawla: Those milestones are on certain price points that will be achieved in the secondary market. We believe that once this zone comes up and the various commercial establishments get established over there, there is going to be price traction available on the underlying land over there, so these are linked to those, let us see how the development goes and if we achieve those milestones then we will get additional amount of money over there, this is just to bridge a commercial understanding that my ask is x and you are willing to give y, so okay let us agree to mechanism that if you achieve y then we will get some more money that is probably now.

Ashish Shah: Got it Sir. That is great. Thank you for the answers.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital Advisors. Please go ahead.

Mohit Kumar: Thanks of the opportunity once again. Sir my question was on the tariff order for Delhi and have you heard anything on the Hyderabad is the process starting now or is there some delay?

GRK Babu: As far as the Delhi airport is concerned as you know that on June 9, 2020 itself the regulator has come out with the consultation paper. But in that consultation paper they have considered especially the pre-COVID level traffic ATMs and non-aeronautical revenue and they have advised all the stakeholders to support the regulator with the realistic numbers, so we have now provided the revised post-COVID how the traffic looks like up to 2024 along with the ATMs and non-aeronautical revenue. We have given all the details to now the regulator, we have provided the data and they have also called for the comments from all the stakeholders, so they have yet to come back with the final order or revised consultation paper that is with regards to the DIAL. With regards to the HIAL for the third control period, which will start from April 1, 2021 we have already filed application very recently and regulator has also appointed a consultant to support them and we have also made a detailed presentation just 2 days ago. The regulator has also promised that he will come out with the final tariff order for Hyderabad airport considering the capex and everything by April 2021. That is the latest development.

Mohit Kumar: Technically for the demerger I believe the lenders approval will be required right, so have you started the process and on the FCCB how will be the structure for the demerger. Is there any talk, which you can update us?

Saurabh Chawla: You are absolutely right of course there has to be lender approval and if you go back about four quarters or five quarters we have gotten in principle approval, which we had highlighted to the markets that for the demerger we have certain in principle approvals in place. We will of course again go back and refresh those approvals, but in principally there is alignment with respect to that particular process. With respect to FCCB it is in the early stage right now I think we wanted to finish our lender discussions, but just from a logical perspective if you look at it today the prices are about Rs.23, Rs.24. They are very much well into money and we believe that they should convert themselves into equity that will add further upside to their investment, so we had a few conversations earlier and they are quite I would say constructive in taking our view, at the right point of time just prior to us filing with the NCLT I think we will enter into a written understanding with the FCCB orders also.

Mohit Kumar: Understood Sir. Thank you. Best of luck.

Moderator: Thank you. The next question is a followup from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Thanks for the opportunity again. My question is related to the prospects of assets divestment that can happen in the near term. In that context would it be fair to assume that coal mine stakes something that can be sold over the next 12 months and if so what kind of progress has been made?

Saurabh Chawla: Coal mines is one of the assets that we want to divest although from an operating perspective that is doing extremely well, so on my investment in that asset I am making a pretty good divided yield on that business, but yet it is not a core business for us and there is no reason why we should continue our investment over there, so we would like to divest our portion of investment in that venture and in the next one year I think that is a good target line to look at for divestment of that equity.

Aditya Mongia: Beyond coal mine, will Krishnagiri be the one wherein the focus for the management to reduce debt?

Saurabh Chawla: Yes, there are multiple areas, whether it is Krishnagiri, whether it is highways, these are assets, which are there on our books, which we intent to monetize at the right point of time, but the number is not very high at the corporate side of it, so we intent to, once we come to maybe put it a reasonable level of debt, which can be very easily serviced, the pressure would be off, when you are under pressure when the capital markets put you under a pressure then as a counterparty any buyer would like to leverage that position and we are not the guys who would like that leverage to go away from us so it is a tactical way in which we will do it, but yes we have committed to the markets that we will exit from the non-core, non-core includes coal, non-core includes highways, so there is no reason why we will not complete those in a defined period of time, whether we require that capital for deleveraging or not irrespective of that we want to make our balance sheet smaller, leaner, more focus to get back on to the different opportunities that the marketplace offers today.

Aditya Mongia: The question that I had was more on share pledges, we do see that share pledges have come down over the past few months and it will be useful if you could provide some sense of the saleability of assets at promoter level and the levels from which share pledges can come down over the next 12 months?

Saurabh Chawla: I really cannot give you a particular level as such as to where it will come down in 12 months, but I can assure you that they will come down progressively that much I can assure, it has come down over the recent past, our efforts are to work towards that and there are many initiatives with the promoters have taken to divest some of their own assets to pare down that portion of debt and they have succeeded in the recent past, as the market improve I think it will only get accelerated, but unfortunately I cannot give you a level that if in October it is at 60% level whether it will come down to 40%, I would love that to be zero, I don't believe that there should be a pledge at the promoter level, but I cannot give you a level at what I would be in one year. All that I can assure you on this aspect is that there is no stress or refinancing stress at any of these pledges that is something which I can reassure you.

Aditya Mongia: Got that Sir.

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

Saurabh Chawla: Thank you friends for joining us for this Q2 call. The IR team is available to answer any of your other questions, which we may not have been able to ask on this call and you can contact them directly either by phone or by e-mails, they are available to answer any of those queries. Thank you so much. Stay safe. Stay healthy.

Moderator: Thank you. On behalf of GMR Infrastructure Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note*: Transcript has been edited to improve readability*.