



“GMR Infrastructure Limited Q3FY21 Investor / Analyst Conference Call Transcript” Monday, 15 February 2021

Moderator: Ladies and Gentlemen, Good day and welcome to the GMR Infrastructure Limited Q3 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, and good morning to all. I welcome you all to the Third Quarter Call for Fiscal Year '21. Hope everyone on the call and their families are safe. During the Q3, we saw evidence of green shoots in economic recovery which as we speak now have taken root. GDP growth is making strong come back with fiscal year '21 GDP estimates improving than what they were being projected earlier. Growth trajectory of most economic indicators, such as Index of Industrial Production, GST collection, PMI manufacturing, PMI services, too point towards a strong V-shaped recovery in the coming quarters. As per IMF, India is expected to witness most impressive come back. The government of India has also come out with encouraging budget with major budgetary allocations towards healthcare, including COVID vaccination and infrastructure, as capital expenditure has now been increased by whopping 26% to an unprecedented Rs.5.5 trillion. On the Airports front, the government is planning to soon put the next lot of airports for privatization.

Coming to GMR Infrastructure, despite COVID conditions, the company has made substantial progress on all fronts, whether strategic or business.

To begin with, I would like to update you on the Group's initiative on Strategic Restructuring via demerger to unlock value for shareholders. Firstly, as you know we have filed the composite Scheme of Amalgamation and Arrangement amongst GMR Power Infra Limited and GMR

Infrastructure Limited and GMR Power and Urban Infra Limited and their respective shareholders with the Stock Exchanges. The company received approval from the Stock Exchanges to file the scheme with the NCLT by June 2021. Simultaneously, we are in process of obtaining approvals from other stakeholders. As you know, the demerger will create India's only pure play airport listed entity and accordingly, will attract a different class of long-term investors and also compress capital costs.

Secondly, on Hyderabad Airport, we successfully priced an offering of US\$300 million, 4.75% Senior Secured Notes for a tenure of 5 years in the international bond market. The offering reinforces our ability to raise funds from the international bond markets. The proceeds from the Notes will be used towards the capital expenditure of increasing the capacity to 34 million passengers per annum. With this, the financial closure for the expansion project has been achieved.

Thirdly, on the Kakinada SEZ divestment, the Board of Approval on Special Economic Zones and Ministry of Commerce and Industry has approved the sale of equity held by GMR Infra in KSEZ. As you're aware, GMR Infra had signed definitive agreements for the sale of equity owned by GMR SEZ and Port Holdings Limited of its entire 51% stake in KSEZ to Aurobindo Realty and Infrastructure Private Limited. Total consideration for the sale of equity stake, including sub-debt in KSEZ is Rs 2,610 crores, and of this, Rs.1,600 crores would be received on the closing date and the balance, Rs.1,000-odd crores, in the next two to three years which is contingent upon certain milestones being achieved.

Coming to the "Business" front, GMR's businesses are on a recovery path. To start with, our airports have witnessed significant increase in traffic. As you may be aware, the government had allowed 33% capacity for the airlines from May 25, 2020 till June 25, 2020 and has since gradually raised that capacity to 80% on December 4, 2020. Foreign carriers started operating to and from India under the air bubbles arrangement which now has 25 nations participating in it which include US, UK, Canada, Germany, France, UAE, Qatar, Japan, Nigeria, Oman, etc.,

Let me draw your attention to some interesting facts on Delhi and Hyderabad Airport. Delhi Airport's average daily passenger flow is now currently touching about 62% of pre-COVID level in domestic and 31% in international traffic. Delhi Airport is now connected to 69 domestic destinations, which is 96% of the pre-COVID level and 66 international destinations which is 85% of the pre-COVID levels. Yesterday, Delhi touched all-time post-COVID high of 130,000 passengers going through Delhi Airport. It is currently the best connected airport in India.

Hyderabad Airport's daily average Pax has reached 67% of pre-COVID level in the domestic and 31% in international. Hyderabad airport is now connected to 54 domestic destinations, which is 98% of pre-COVID level and 10 international destinations which is 62% of pre-COVID level. It is the second best connected airport in the country after Delhi Airport.

Delhi and Hyderabad Airports cargo daily average has now crossed 90% of pre-COVID level in domestic and 80% in international. Our airports are also acting as major center for COVID

vaccine distribution across the country and the world. It has established cold chain infrastructure to handle vaccines. The recovery in the traffic has been achieved under an environment of restricted flight capacity as imposed by the government. As and when the capacity restriction eases further, we expect significant increase in traffic led by domestic traffic. Additionally, some key factors, will also play a key role in the recovery of traffic. These are vaccinations, of course.

Firstly, it will provide a significant uplift in the traffic. Number of vaccines have been received and obviously government clearances in several countries including India. World over, vaccination drive has started with more than 130 million doses administered by 7th Feb. Over 7 million vaccine doses have already been administered in India.

Secondly, innovations around technology for testing and safety, which will further smoothen the travel experience.

Thirdly, in India, there have been improvements with respect to COVID cases and it is now only 10,000 cases on a daily basis which is almost 10% of the peak which was in September of 2020.

Lastly, benefit to the air traffic is also due to cannibalization of traffic from rail to air due to safety benefits from relatively safer air travel.

The energy business has also seen good traction. It is observed that the power demand has now recovered to pre-COVID levels and is set to increase significantly as industrial demand picks up.

Coming to our plant performances, PLF at Warora and Kamalanga which was at 49% and 52% respectively during April 2020 has improved to 78% and 95% in Q3FY21 respectively. In Bajoli Holi, we have achieved 95% of project completion. There are more than 2,300 people working at site even during COVID time.

Our investment in the coal mining business in Indonesia is also doing very well. PT GEMS was able to showcase its business performance by reporting a sales growth of 19% YoY and EBITDA margin of \$4.3 per ton for nine months fiscal year '21 despite COVID conditions. This was achieved due to unique advantages of this coal mine with its ability to switch to low stripping ratios, short distance from pit to port and our strategies with the contractor rates linked to the coal prices as against industry norm to fixed price contracts. Additionally, rise in Indonesian coal prices, ICI 4 augurs well for PT GEMS. Coal prices have increased after touching lows of US\$24 per ton in September of 2020 to current pricing of between \$37 to \$40 per ton.

Our Highways businesses are also showing much better performance. Hyderabad-Vijayawada Expressway has already reached 103% traffic of pre-COVID levels in February 2021. Traffic at Ambala-Chandigarh Expressway has been impacted due to farmer agitation in North India.

On the dedicated freight corridor project, construction work is picking up pace. The authority has extended the timelines for the completion of the project. As of December end, around 64% of package 201 and around 73% of package 202 have been completed.

I would also like to touch upon certain best practices and recognitions that we have received especially on the ESG front. On the airports front, Delhi Airport became Asia Pacific's First Level 4+ Transition Accredited airport under ACI's Airport Carbon Accreditation program and only the second airport globally to achieve the Level 4+ Accreditation. Delhi Airport is targeted to become net zero carbon emission airport by 2026.

Hyderabad Airport has also received ACI's Asia Pacific Green Airport's Recognition 2021. It is the fourth consecutive year Hyderabad Airport has received this coveted recognition.

Both airports received the International Voice of Customer recognition also.

On the Energy front, Warora won the first prize in the National Energy Conservation Award 2020 from BEE, Ministry of Power. It also won the National Award for Excellence in Energy Management by CII and emerged as a national energy leader.

Kamalanga won ICC Environment Excellence Award 2020 Runner Up in the large scale industry category organized by Indian Chamber of Commerce. It also won the 21st National Award for Excellence in Energy Management 2020 organized by CII.

PT GEMS also continues to focus on building sustainable growth through high occupational safety standards, good community program developments and resilient environmental management. The corporate culture focuses on development of human resources. Just to highlight, during 2019, nitrogen dioxide, sulfur dioxide and carbon dioxide emissions were much lower than the regulatory limits at PT GEMS.

The presentation with all financial numbers has been mailed to you, and they're already with you. We would be able to respond to your questions on the call and offline post the call.

Now I would like to open the forum, where my colleagues from the corporate and the businesses can answer your queries. Thank you so much.

Moderator

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

Mohit Kumar:

It's good to see traffic picking up at our airports and given that we are close to demerger and everything, sir, corporate debt seems to have gone up QoQ. Is it primarily going to fund the cash gap and what is the plan ahead to reduce it? And are we looking at any more step to sell something to reduce the corporate debt? And when can you expect the Aurobindo Realty cash to flow in? That's the first question.

Saurabh Chawla: You're correct that the overall debt has increased over the QoQ, that's primarily because actually net debt has gone up, primarily because the airport is still in a CAPEX mode, so the consolidated debt number has gone up primarily because of the CAPEX program that has been undertaken by the airport sector. When will the debt come off? We have already guided the markets that the first thing is of course to divest some of our assets. Kakinada which we mentioned is now in its last stages of its approval. That will significantly reduce debt once that is completed. It awaits certain state level approvals. And as we speak, we were guided by the buyers that by end of Feb those approvals should be in place. Post which the transaction should be concluded and about Rs.1,600-odd crores will come into the company for further reduction of debt. So our medium-term strategy is to divest some of our non-core assets and reduce both corporate and consolidated debt. But in the airport side, you will see debt levels go up, one, because of the expansion at both Delhi and Hyderabad; but two, also very soon, the construction momentum in Goa will pick up, and we'll have to project level debt to complete that project also in next two, two-and-a-half years' time. So that's the broad guideline I can give you.

Mohit Kumar: Can you please update us on the status of tariff order for Delhi and Hyderabad?

G R K Babu: As far as the Delhi tariff order, we have already received it and it has been implemented also. This is basically BAC has been confirmed by the regulator. There are some anomalies that we have already filed the appeal before the TDSAT on 25th of January as far as Delhi is concerned. Hyderabad tariff, we have already filed application for CT3, which is effective from 1st April 2021 for the period of five years. AERA has already appointed a consultant CRISIL as well as RITES to support them in the evaluation of the application as well as CAPEX program. They have been continuously in touch with us and we have provided all the data. We are expecting that the consultation papers would be out in the month of March and new tariff will be available by April 2021 as far as Hyderabad is concerned.

Moderator: Thank you. The next question is from the line of Atul Tiwari from Citi. Please go ahead.

Atul Tiwari: Sir, again, the question on the standalone level debt. How much was the exact number as of third quarter end at GMR Infrastructure standalone level?

Amit Jain: You are talking about the corporate debt. As of September 2020 end, the consolidated debt was close to ~Rs.231 bn which today is about Rs 252 bn and the increase just now indicated was primarily for the expansion what we are doing at Delhi and Hyderabad airports. This is primarily of reduction in cash in Delhi and Hyderabad airports.

Atul Tiwari: Sir, I was asking about the debt at GMR Infrastructure standalone?

Amit Jain: As far as the standalone debt, I think you are talking about corporate debt. The corporate debt increased QoQ; increase is just about Rs.280-odd crores which is primarily due to again, small interest payments increase because of that. So no major change. If you look at QoQ movement, there is no big change in QoQ as far as the corporate debt is concerned. The number is Rs.5,490 crores as of December-end.

- Atul Tiwari:** This does not include the FCCB, the \$300 million?
- Amit Jain:** Does not include FCCB. FCCB is over above this.
- Atul Tiwari:** Of this Rs.54 billion, assuming that we get the Rs.16 billion from Kakinada SEZ sale over the next couple of months and number comes down to say, below Rs.40 billion, then what is the visibility of paying down this Rs.40 billion, what other non-core asset sales which we have lined up, which could reduce this number to say a very small or close to zero number?
- Saurabh Chawla:** So I wouldn't like to give you a specific answer with respect to certain asset sales. But we also have sales happening in our Krishnagiri industrial area, which will also further pay down this debt, number one. In addition to that, we are exploring the possibility of monetizing some of our other businesses which are actually owned by GIL and the dialogue is progressing, for example, we could look at also monetizing our investment in the coal business. I think we have highlighted in our presentation how well the coal business is doing. So we are open to looking at divesting those which could yield substantial amounts of money for GMR Infra to reduce its corporate level debt.
- Atul Tiwari:** Is there some kind of timeline, etc., or like it could take two, three years also or we are talking about maybe one or two quarters?
- Saurabh Chawla:** I would say, from a timeline perspective between two to three quarters more.
- Atul Tiwari:** Sir, my final question is on the conversion of the FCCBs. So what further needs to happen for the conversion of this \$300 million FCCB into equity, are there any other conditions. Is it an option of the holder or how does it work?
- Saurabh Chawla:** The option of the holder is always there. They are well into money on this particular investment of this. And we would of course like to see them to convert that into equity although the current price is much higher than their conversion price. So our preference of course would be for this to get converted. But I wouldn't like to indicate again specific price above which I have a mandatory right to convert it into equity. So that also from an issuer perspective we have that possibility. But they have been the most friendly and accommodating lenders to us. We will of course enter into a dialogue with them at appropriate time and see if they voluntarily convert their instrument into equity.
- Atul Tiwari:** What is the conversion price? And what is this right about which the company has an option to kind of force the conversion?
- Saurabh Chawla:** So the conversion price is Rs.18, which was disclosed earlier when the transaction happened. The mandatory right I would prefer to keep it offline right now because that will create overhang on the stock.

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

Aditya Mongia: I had a few questions from my side. The first question related to the prospects of demerger. Now it was discussed on the call that even after FCCB conversion, other near-term proceeds, there will be Rs.4,000 crores debt that will be there. If this debt was not to come down any further, would GMR still expect majority of lenders to agree to the demerger process?

Saurabh Chawla: So let me take you back at least year and a half back actually honestly. We had guided the markets of our demerger strategy post when we had signed a transaction with Tata GIC and that goes to I think April 2019. And one of the preconditions of that transaction was that we had to get in-principle approval from the investors, from the financial creditors for the demerger. The demerger was one of the pre-conditions of the Tata GIC. We had received in-principle approval post that. So, it was irrespective of the quantum of debt that was there in GIL. The financial creditors had already given that in-principle approval. Of course, time has elapsed since then. And as you know that we have progressed substantially in reducing our both corporate level debt and also consolidated debt over this last 15 to 18 months since that event. And this included of course selling the 49% stake in the airport platform and also divesting some of the other assets. So we are quite confident. And so far, the financial creditors have been more than forthcoming to support us in that particular process. Everybody understands that this is a journey, it's not a digital event that will take place, it's a journey and they would like to facilitate on this particular process.

Aditya Mongia: My second question which I had was more on the airport financials for the quarter. Now I wanted to get a sense from you as to how should one think through the CPD rentals which are still down now meaningfully on a YoY basis. How should one think about the recovery in this number from here on? And some more light on the Bharti transaction if you can?

Saurabh Chawla: We wait for and Bharti also waits for the regulatory approval that they have to have for that development to start. As you're aware, in the COVID conditions, the government priorities have been very different especially in the airport sector. And those approvals have been still not forthcoming. The incomings from the government sources are that over the next two to three months, as things settle down further, those approvals should be forthcoming. Bharti has been most flexible and patient, waiting for these approvals to come by. And as soon as those come by, the next tranches of earnings rentals will begin from Bharti. So broadly, that's the outlook over there. We have to be patient because these are not normal circumstances, these are extraordinary circumstances, and in extraordinary circumstances, you have to be a little more patient.

Aditya Mongia: The third one was more related to again the airport's consol numbers. Now obviously, business levels are down meaningfully on YoY basis which is understandable. But it seems as if the operating expenses have been caught up in probably flattish on a YoY basis, and that has led to

you still having a cash loss for the airport business in spite of the QoQ improvement in volumes. Wanted to kind of have some light on this aspect side of operating expenditure?

Saurabh Chawla: So cash burn at Hyderabad Airport had actually stopped in end of September. So right now it is generating cash and it's recouping as its operations go forward. Delhi also by end of December... and G.R.K. , correct me if I'm wrong, by end of December, the cash burn had stopped, or maybe in Jan the cash burn had stopped. You can I think, guide us on this, G.R.K.

G R K Babu: We have started making the cash profit in case of Hyderabad from October onwards. Actually, the cash losses which were about Rs.80 crores in Hyderabad till December, we have brought down to Rs.72 crores by January. So we are hoping that cash losses will come down further by March. As far as Delhi is concerned, we have cash losses of about Rs.500 crores by December. We have started controlling the cash losses. Once we cross about 3.5 million passengers, we are cash neutral. We're expecting February and March will become cash-neutral.

Aditya Mongia: So you have obviously shared an expectation on recovery in traffic volumes probably three months back when we last interacted. Has the pace of recovery been slow and would you in that light want to rethink about when pre-COVID levels of demand for you in Delhi and Hyderabad will play out?

Saurabh Chawla: So we are still maintaining our guidance as far as recovery is concerned. From domestic traffic perspective, it should be at pre-COVID levels by end of March, April. That's what our continued expectation is given the current momentum that we see in both the airports -- Delhi and Hyderabad. As you know, almost 70% of domestic traffic is already back, and as COVID cases have gone down substantially, the ease of travel by air has already been established now. So just to give you another insight, I mean, the traffic levels have gone up so much that how do we open up the Terminal-I also given the fact that traffic is climbing up on a daily basis. So there will be a little bit of blips here and there. We can't be as accurate in our forecast. But I think from general trend line perspective, domestic traffic will be back by end of March, April of this year. International traffic is a little difficult to predict. And that is because other sovereign nations sometimes do go into lockdown and that does impact opening up of commercial traffic. Right now, everything is still working under the air bubble scheme. But as vaccination across the globe progresses and we still have two to three months to go before end of this year, we expect that to also start to opening up. Earlier guidance to you was that international traffic should come back to pre-COVID levels by June, July of this current calendar year. So I think we shall maintain from that perspective given the progress that vaccination and testing is making across the globe. I was just looking at even in the US, which was worst affected from COVID cases, today, the case rise in the US has come down to the levels that were in actually October. So they are also making progress and that's one of the largest markets. Europe is still lagging behind a bit because vaccination in Europe is lagging behind per se compared to US. But once that also picks up, we should see these markets to start to perform, and air travel at least to the western part of the world pick up quite substantially. So from a guidance perspective, we would like to maintain that by July I think the pre-COVID levels of international traffic should also be achieved.

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

Parvez A Qazi: Sir, two questions from my side. First, if you could update about the status of CAPEX at the Delhi, Hyderabad and Goa airport, out of whatever is the plan, what have we done till date and what is the plan for the next year? And also, second, with respect to the Kakinada SEZ, what are the milestones that we need to achieve for the balance Rs.1,000-odd crores?

G R K Babu: Start with the Delhi, the CAPEX program is full-fledged going on. Originally, we have planned to complete the expansion by September '22. Now it has been shifted to September '23 because of the COVID and this has already been approved by the board, and the work is going on full swing in all fronts. Hyderabad Airport is originally to be completed by March '22, but in September '22, it will be completing the entire project. And as far as the Goa is concerned, it is expected to complete the entire project by August '22.

Parvez A Qazi: And on the Kakinada SEZ, what are the milestones that you need to complete?

Saurabh Chawla: Aurobindo real estate, there were certain developments which were in pipeline, developments in the sense industries that were looking at relocating or starting their enterprises in those land parcels attendant to the port. So that was the guidance that we had given to them based on which value was agreed. The time period to achieve those relocations or starting of those industries in that area is another two-odd years. Once those are in place, obviously, the price points as you are aware will go up and those milestones will get achieved as far as the Aurobindo real estate is concerned and the second tranche will flow. Broadly, that's the construct that we have for the second tranche.

Moderator: Thank you. The next question is from the line of Rakesh Tripathi from Franklin Templeton Investments. Please go ahead.

Rakesh Tripathi: I had a couple of questions. The first one was if you could talk a bit about your plans for refinancing the upcoming maturity that the Delhi Airport, the 2022 bonds?

G R K Babu: As far as the Delhi '22 bonds are concerned, we have a two-pronged strategy; #1, we are now talking to the bankers for the total financing of the balance financing of the debt, expansion of the DIAL as well as the '22 refinancing. The work is in full progress and we are expecting to close the terms by March, that is one. The second one is the DIAL is also now exploring another bond to refinance FY'22. We are working both onshore as well as through offshore structure. Bankers are in place, and we are working on both the directions also.

Rakesh Tripathi: So hopefully when the full fiscal results come out by that time, we should have a better view of the refinancing, right?

G R K Babu: Absolutely.

Rakesh Tripathi: And the second thing I wanted to check with you is for the upcoming fiscal for FY'22, what is the amount of CAPEX that you look to spend at DIAL? And again, I think you already answered that, that was going to be my second part of this question, that how do you plan to finance it. But you mentioned that you are talking to bankers for sort of term debt, right. So assuming that you get to do a bond refinancing for the '22 maturity, would you then approach banks to get say term loans for funding the CAPEX for FY'22, and what would the CAPEX amount be tentatively?

G R K Babu: What I said is that for the FY'22, the guidance for the Delhi Airport expansion CAPEX program is about Rs.22 billion to Rs.25 billion, and Delhi is already sitting on cash of more than Rs.22 billion as of today. Only, we are talking about the refinancing with the bankers, and another cushion of about Rs.1200 crores additional from the bankers that is what we are discussing. That is a total of about Rs.3000 crores to total debt. That is the one we have discussed with the Bankers. So we do not foresee any problem meeting the CAPEX expansion payment for FY'22 because of the sufficient cash in the system as well as the additional debt we are planning to raise about Rs.1200 crores, and we are also expecting the Bharti payment should come once we have the regulatory approval as Saurabh has already explained.

Rakesh Tripathi: On the Bharti payment, so I've been looking at how the rating agencies see the potential for Bharti payments to come in and how their ratings depend and to what extent on that. And rating agencies have not been taking a very positive view of the development. So have you been in discussions with these agencies, what are the discussions going on, and what do you see happening that might convince the rating agencies to not proceed with further advance rating actions?

G R K Babu: If you look at it, other than S&P, both Moody's and Fitch have maintained the same; if you look at this, Moody's have already maintained the same BB-, and Fitch has maintained a BB. Only S&P has taken a very conservative view. So, we are discussing with Bharti as Saurabh has explained and Bharti is also very much interested to complete the transaction. We are expecting that everything should be over in next three to six months and getting the full payment also from Bharti, that is our expectation.

Rakesh Tripathi: And have you been in discussions with S&P as well? They have raised a lot of question marks on the potential of refinancing of the '22 maturity. They've been talking a lot about how you might fund CAPEX, whether or not cash generation from the business will actually be enough to finance the outflows or you keep basically getting into the cash balances and drawing down from that. So have you been in discussions with them to assure them of the plan?

G R K Babu: We have assured them and even they have also had a discussion with the bankers. That is the reason why now they are not taking any further action and Moody's and S&P. We are hoping by end of March everything should be in order, and we will be able to demonstrate.

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

Aditya Mongia: I had a question around again the airport volumes because that obviously is a key determinant of the financial of the company. Now there's a thought process that select set of travelers may not travel the way they were pre-COVID. I wanted to get your views as to how big you think this problem can be as we kind of think through numbers normalizing.

Saurabh Chawla: Honestly, yes, behaviors do change with events that have happened in the recent past and so do practices. But if you look at, do we remember SARS-1 in Asia? We don't. People were not traveling at that particular point of time. But as soon as things came under control and therapeutic remedies were in place, nobody remembered it. So these are small blips that will happen especially for business travel. But in India, there is another which we see happening in our surveys at the airports in India, people are still not comfortable working through Zoom calls and MS Teams calls. These are more phenomena of the banking sector and other. But may be actually in medium to large enterprises, people want to have a face-to-face interaction, and they want to travel. And if air travel is safe which is currently proven, yes, you have to take precautions, then people want to go and have face-to-face meetings, whether with their suppliers, whether with their distributors, XYZ. Actually, we look at it a little differently. We are looking at a lot of pent-up demand that will come to play once the vaccination program in India also becomes much more widespread. Right now, it's just about 7 million to 8 million being given to the frontline workers. But as soon as it becomes a large-scale program, people who are sitting at home who have not been doing, not being traveling, there's huge pent-up demand that is going to be harnessed, I mean, classic case of that visibility was look at the traffic into Goa Airport, I mean, it's beat all-time record of people traveling to Goa during end December to January time period. So these things will shift. Yes, initially, there will be a slump, what we call a downward dip as far as business travel is concerned. But we see that also coming back especially from Tier 2 to Tier 1 people who are not comfortable having just nearly conversation on a phone or a Zoom call and who want to have a face-to-face meeting with their business partners. So that thing will come back in the short term for sure. That's what our outlook is what we see on the ground.

Aditya Mongia: I also want to kind of explore probably slightly differently more where you talked about pent up demand. But my sense is that in COVID times, there's also a latent demand in let's say non-metros that is becoming more and more visible. I wanted to get some color from you as to how you think through, let's say, new routes, and how big a push can they drive in terms of demand for your airport.

Saurabh Chawla: Well, I think in my opening remarks, I had commented that both Delhi and Hyderabad are the most well-connected airports within the country. And hub-and-spoke model will play out, but still it is early days. The government has to take many more proactive steps under the UDAN scheme and also privatize airports. And then you also have to have healthy airline businesses to connect into the main hubs. So it's a medium- to long-term story as far as that latent demand to really flow. But if I were to look at today, and I can give many anecdotal evidences, people who should travel, for example, Delhi to Chhattisgarh, to Raipur, by train, and it was an overnight journey, 20 hours, whatever time it used to take, I mean, those are same guys for Rs.2,500, Rs.3,000, and these are domestic help, forget about others who are traveling, who know that

time is money and convenience and safety is very important. And their employers also are urging them and sometimes actually even paying them that you better travel by air. Now that is a demand that is going to play out as we go forward. But again, from a larger play perspective, development of small airports and the airlines connecting those airports with the hub is still a three to five year story, it's not going to happen over the next one year for sure.

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

Saurabh Chawla: Thank you, everybody for attending our Q3 Earnings Call. We are available to answer your specific questions that you may have. You can reach out to Amit separately either by voice or by e-mail, and we'll gladly answer any of your questions, so we are available anytime you want us. Thank you so much. Be safe.

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.

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Note: Transcript has been edited to improve readability.