"GMR Infrastructure Limited Q3 FY16 Investor / Analyst Conference Call Transcript
Thursday, 11 February 2016

Moderator: Ladies and Gentlemen, Good Day and Welcome to the GMR Infrastructure Limited Q3 FY16 Earnings Conference Call. As a reminder, all participant 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 call please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. We have with us today Mr. Madhu Terdal -- Group CFO and CFOs of GMR's 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 risk 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. Madhu Terdal -- Group CFO. Thank you and over to you sir.

Madhu Terdal: Thank you. Ladies and Gentlemen, Good Afternoon and Welcome to the 3rd Quarter Results of GMR Group. As we have been emphasizing that the continuous turnaround of the GMR Group and particularly in the Energy sector we are very pleased to inform to you all and as you might have seen from the press release also GMR continues its journey towards its healthy growth in turning around and improving its operational results in almost every sector, whether it is Energy or Airports, I think in every field GMR is marching ahead.

Some of the significant developments during the quarter included the following: In an unprecedented transaction perhaps for the first time in the country, GMR raised US$300 million that is around Rs.2,000 crores through a 60-year Foreign Currency Convertible Bond from Kuwait Investment Authority. It shows the highest quality investor confidence in the GMR Group and its operations. It can be noticed that perhaps this is one of the very rare transaction that has happened in the Infrastructure sector in the country.

We continue to achieve the operational results and improvement and the regulators also have started showing their results. In Kamalanga for that matter CERC released the Gridco Tariff Order and including the arrears are also being received by the group. Pending the final order, Bihar agreed to pay the change in law compensation of 14 paise and arrears are being received.

Similarly, in Haryana PPA, CERC released the order last week and impact is being analyzed and also will be discussed during the course of the call. In Warora (earlier it was known and GMR EMCO) we operationalized the entire 150 MW of the PPA with Tamil Nadu which resulted in significant improvement in the EBITDA as well as our PLF. The Airports continued to register a very healthy growth of traffic to the extent of 20% and significantly more in the non-commercial revenue or so. More importantly, at Hyderabad Airport, after a long struggle, GMR managed to get the UDF restored and UDF collection has started from November onwards. As far as the Chhattisgarh Power Plant is concerned we commenced the operations from the Talabira mines and also we achieved the COD of the first unit and the COD of the second unit is expected to happen by the end of this month. Even our power plants of gas that means GMR Rajahmundri as well as Vemagiri, have started operating under the RLNG scheme and thereby again showing the healthy revenues as well as EBITDA.

I would like to go little deep into the Financial Highlights now: At the group level the revenue has grown up by 16% during the quarter from Rs.2,527 crores in the previous quarter to Rs.2,931 crores. Indeed for the 9-months if we take the growth has been of the order of around 18% from Rs.6,654 crores last 9-months to Rs.7,860 crores. As far as EBITDA is concerned, from the previous quarter it has gone up by 56% that is from Rs.900 crores to Rs.1,398 crores. If I compare to the corresponding quarter of the previous year the EBITDA stands doubled from Rs.671 crores to Rs.1,398 crores. You can see for the 9-months if I take and composite basis the EBITDA has jumped 68% from Rs.1,874 crores to Rs.3,154 crores. More importantly, what is important is the EBITDA margins have improved very substantially. Same time during the last year our EBITDA margins as a group was 30%. For the last quarter, they were 36% and this year this quarter the EBITDA margins as a group has improved to 48% of the revenues. You will agree that this is a very significant improvement in our operational performance. When it comes to the losses, losses for the 9-months have been reduced by Rs.881 crores that is from our losses were Rs.2,010 crores during the beginning of this year and they have come down to Rs.1,129 crores. At the same time, our cash profit continues to grow. GMR posted cash profit of Rs.248 crores in the current quarter as against Rs.134 crores in the previous and Rs.60 crores in the Q1, and, in fact, if you compare to the last year numbers the cash profit for the quarter has improved by Rs.453 crores as against loss of Rs.205 crores, we have made a profit of Rs.248 crores, and cash profit has increased during the last quarter from loss of Rs.(-609) crores to a profit of Rs.1,051 crores.

Since the leverage is a concern I would like to dwell upon the leverage as well. While I go into the details little more during the course of my speech, but I want to touch two points -- one is the interest cover. EBITDA level has crossed comfortably the interest, we have been able to achieve the EBITDA of 1.24x during the quarter as against even for the 9-months our EBITDA coverage interest is of 1.2x. The net debt-to-EBITDA which is a very significant leverage ratio, last year in the beginning of the year we were as high as 15x and GMR had promised, we have kept up our promise, the net debt-to annualized-EBITDA has come down to 9.5x which is a very substantial improvement from what we were in the beginning of the year. So I would like to emphasize the turnaround which we promised is completely shown and visible in our operational results.

Going little more deep into the Energy sector: Our Energy revenue for quarter increased by 47% from Rs.1,062 crores to Rs.1,561 crores and for the 9-months it has clocked Rs.4,014 crores. EBITDA had jumped by 7x during the quarter from Rs.71 crores during the last year of third quarter of 2015 it is now standing at Rs.580 crores this quarter. If I compare even just one quarter that is previous quarter to this quarter, our EBITDA has doubled from Rs.269 crores to Rs.580 crores, and for the 9-months it has improved from Rs.156 crores to Rs.960 crores. So you take any measurement compare there is a very-very significant improvement in our EBITDA achievement.

Covering a few of our assets: EMCO achieved PLF 77% during the quarter and for the first time in the 9-months alone we have crossed the turnover of Rs.1,000 crores clocking revenue of Rs.1,020 crores for the 9-months. EBITDA for the 9-months improved to Rs.260 crores from Rs.197 crores and EBITDA also compared to the previous year it has improved from Rs.97 crores to Rs.127 crores during the quarter and most importantly, again, the EBITDA margins improved from 30% last year to 35% this year.

We are hoping with the announcement of the Uday Scheme as well as the proposed amendments of the Power Tariff Policy the woes of the power sector are likely to come to an end and GMR will be able to take advantage in the coming quarters and the years.

Kamalanga clocked highest PLF during the quarter registering record revenues at 75% PLF. We achieved turnover of Rs.717 crores including the one-time arrears what we received from the GRIDCO Tariff Revision Order. Kamalanga also achieved EBITDA of Rs.392 crores for the quarter and for the 9-months as a whole Rs.590 crores. Significant developments happened in the improvement of our revenue as well as profits of Kamalanga. They were three significant improvements during the quarter: In Orissa GRIDCO, CERC has passed the revised tariff orders for 260 MW of power supplied to GRIDCO, and on that basis Kamalanga will be eligible for a revised tariff of 3.97 per unit for the year FY-’14 and an ad hoc tariff for the year FY-’15 and ’16 is expected to be in the range of Rs.3.40. In Bihar, tariff revision petition was filed with CERC. The petition has been admitted but an interim measure the Bihar government has already agreed to pay change in law compensation of 14 paise and we have started collecting the arrears in this regard. Haryana in the latest order last week, CERC released order on 3rd of February and we are eligible to get 20 paise additional towards the change in law compensation and also the entire coal pass-through has been approved. The details are being worked out.

Another significant development in Kamalanga is ending the uncertainty of the tapering coal linkage. So we are about to sign end-to-end MoU with Ministry of Coal, whereby almost now there will be a continuous source of coal linkage with Kamalanga is expected to be made available, the finality will be announced very shortly. In addition, there is almost Rs.75 crores positive impact when we have succeeded in reinstating the source of coal from Eastern Coal Fields to Mahanadi Coal Fields cutting a distance of hundreds of kilometers, almost about 800 kilometers it has been brought down to 40 kilometers. As a result of that every month we will be getting an advantage of around Rs.6 to 7 crores in terms of the transportation cost alone.

Chhattisgarh: Perhaps GMR is one of the earliest operators who have been able to operationalize and start developing the coal mine, we have produced 3.5 lakhs tonnes of coal from the Talabira mines and of which almost 95% has reached the site as well and we have started dispatching power of first unit of 685 MW fully operational and we have achieved turnover of around Rs.51 crores.

Similar is the story of the gas-based power plants both Vemagiri as well as Rajahmundri. We have achieved a turnover of Rs.312 crores for 9-months in Vemagiri and revenue of Rs.115 crores in Rajahmundri and both are operating under the e-RLNG scheme The same success story continues in our Airport sector as well. The traffic has shown a robust increase of 20%, Airport's revenue has for the quarter increased by 20% to Rs.1,702 crores and for the 9-months the revenue has clocked Rs.4,724 crores, again showing the improvement of the operational results. The EBITDA of the airports division improved from 48% to 56%. Delhi Airport achieved a robust growth of again 15% for the quarter. There were significant commercial non-aeronautical revenue which jumped up by 22% and the overall revenue for the quarter was Rs.1,257 crores and for 9-months it was Rs.3,541 crores. EBITDA also for the quarter was Rs.457 crores and Delhi Airport bagged the smartest airport building and smartest building award in India.

Coming to the Hyderabad: Of course the highlight was the UDF restoration, whereby for the 9-months the revenue came in at Rs.379 crores and revenue only for one quarter is Rs.160 crores. Hyderabad Airport also became the first airport in India to have operationalized an end to end e-boarding process for the domestic passengers.

As far as Cebu is concerned, again Cebu also witnessed an impressive growth of 24% with the passengers travel standing at around 1.93mn for the current year and the EBITDA margin was also very healthy at 68% with total revenues are Rs.60 crores.

As far as Maldives arbitration is concerned, the tribunal in June '15 issued a second part final award clarifying that the quantum of damages must be assessed assuming that date of determination of the concession agreement and based on the ruling, GMR has resubmitted the tribunal revised claim of $507 million in October 2015. A preliminary hearing has been held in January to resolve the issues pertaining to the quantum of damages and both the parties are currently finalizing a procedural timetable and we believe part of the award should be settled in a very short time of a few weeks and perhaps the final judgment in the next 4 to 5-months.

As far as our Urban Infra business is concerned, we made significant improvement in the Kakinada SEZ wherein we signed a term sheet which gives International Investment

Corporation on 6th November for developing an Industrial Park in 100-acres as part of its initial phase developments. This term sheet part of the MoU signed with GIIC to set up a high-end equipment manufacturing zone in 2000 acres for Chinese industries in front of the Hon'ble Prime Minister who signed in Shanghai. We also received an approval for merging the two notified SEZs as a single SEZ and we have developed Black Top Roads already and about 1 lakh square foot factory space we have already handed over to Pals Plush, a Chinese manufacturing toy company.

With this Ladies and Gentlemen, I would like to open the forum for questions-and-answers. Reminding once again and asserting that GMR's march towards the operational improvement as well as march toward profitability is showing a very steady and significant progress. Thank you.

Moderator: Thank you very much. We will now begin with the Question-and-Answer Session. The first question is from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: Sir, my question is on the debt. How much will be the gross and net consolidated debt at 3Q end?

Govindarajulu: Gross debt as on 31st December '15 was Rs.48,257 crores and net debt of the same date was Rs.40,248 crores.

Atul Tiwari: How much was the net debt at second quarter end if you have that number available readily?

Govindarajulu: Rs.41,382 crores, so there is a reduction of around Rs.1,000 crores netted from September to December.

Atul Tiwari: That will be partially due to the money that came from Kuwait Investment Authority?

Govindarajulu: Correct.

Atul Tiwari: What is the status of Delhi Airports tariff revision?

Siddharth Kapur: As far as tariff revision is concerned in December the regulator had come out with a tariff order. If you recollect that in January of 2015 the regulator had proposed a consultation paper for Delhi where it had proposed the 78% drop in aeronautical charges. Of course, the tariff revisions were not implementable because at that point of time we had gone to the High Court and the High Court had ruled that any revision in charges, the regulator which it undertakes will not be implementable till the time the appellate authority takes a view on the cases which are pending before it and decides on the issues which have been appealed by Delhi Airport. Now, of course, the appeals could not be held because appellate body was not constituted… they were constituted a few months back and the regulator of course went ahead with the process of fixation of airport charges, and in December, they had proposed the 89% drop in aeronautical charges. The difference between 78% and 89% they have been a little flexible on couple of issues but because of the passage of time because we are collecting higher, so the quantum of drop has become little more steeper. So 89% drop is what they have approved in December but these charges are not implementable at this point of time till the time the appellate body takes a view on our appeal. The appellate body has already started its hearings, the next hearing is due end of February. So till the time the issues which are pending in the appellate in respect to the first control period are decided, this drop of charges is not implementable. So we of course expect that it may take a little more time before appellate body is able to take a view on our issues. So till that time Delhi Airport continues to charge the charges which were fixed in the first control period. So that is the current status as of now.

Madhu Terdal: Just to add to your previous question, I would like to state that still we have not done away with our FCCB money, we have still consumed hardly 40% or so, and we still have about some money to spare, and we hope in the coming days and months, it will be used to reduce or service the debt out of the FCCB proceeds.

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

Ashish Shah: Sir, the first question is in Kamalanga. We have booked about Rs.248 crores of supplementary bills raised. Could you break this up into what would the number be for the nine-months of this financial year out of Rs.248 crores?

Parag Parikh: Hi! Ashish, this is Parag here. Ashish, the overall number that is being booked, out of which if you look at it from an annualized perspective, the annualized number will be in the range of Rs.120 crores. So per quarter you will have an incremental revenue of Rs.30 crores as far as GRIDCO is concerned.

Ashish Shah: While we said that probably we will not get into too many lengthy discussions on the impact of the tariff increases we have got, but broadly can you give me what would be the tariff now after the revision for let us say Bihar or Haryana PPA?

Parag Parikh: So if I could sort of answer in terms of some incremental impacts of each of these orders that have happened over the last quarter GRIDCO as I mentioned to you, from our original earlier tariff of 2.75 it would read at about Rs.3.40. So that is where you will see in terms of the tariff for GRIDCO. As far as Bihar is concerned what we have got is essentially a change in law and this incremental revenue as far as change in law is concerned, is close to about 14 paise. So that is as far as Bihar is concerned. Third, as far as Haryana is concerned, essentially on change in law as well as on coal pass-through, so there are really two impacts in this case, and for Haryana it will be in the range of about 20 paise whilst on coal pass through we would be in the range of a little over 35 paise.

Ashish Shah: No problem. In DIAL, we have explained that there is an additional interest cost of Rs.64 crores because of one-time impact on the interest on DF loans which we had. Can you please sort of explain it a bit? Another question is on DIAL. We have provided for MAT of about Rs.88-odd crores. So as I understood MAT was payable but we would have been taking credit for the tax paid. But since it reflects in the P&L this time, I just thought if there was anything that we should know?

Siddharth Kapur: On your first question about DF, when the regulator passed its tariff orders in December, they had disallowed a part of the DF. I think the reason for that was this was regarding the ATC tower. We had taken the money upfront and that money had not been used immediately in the construction of the ATC tower it had been used in phases. So naturally there was a certain element of interest which was disallowed. This impact therefore came into the P&L because of this disallowance. As a result of this loan of DF not being allowed to be recovered from the DF receipts, so therefore it had a one-time impact on the P&L to the extent of about Rs.65 crores. On your point about MAT, while your point is right, in fact, we had a lengthy debate internally also on the issue that since there credit may be allowed, we can actually take it directly to balance sheet and not charge it to P&L. But this also has implications on the regulatory because the regulator would look at the actual tax booked in your P&L for giving you the tax amount in the building block. So while there was a bit of uncertainty as to the timing when the credit can come, but in the interest of ensuring that we do not lose this amount in the regulatory claim we had charged to P&L. So I hope that clarifies.

Ashish Shah: But then does it mean that on an ongoing basis, you will keep recognizing the MAT paid in the P&L and would not take a credit for it in the P&L?

Siddharth Kapur: We will again review it in the next 1 to 2-years. Right now, of course, MAT is payable because we are charging tariffs which are fixed in the first control period. As a result of that there is a tax liability because there is a book profit. But going ahead we will have to see what the final impact on tariffs are as a result of the appeals which are filed in the appellate and then we will have to take a view ultimately whether MAT will be applicable/not applicable, and if it is of course applicable then it may be more prudent for us to take it into the P&L to ensure that we are ensuring the regulatory claim is intact.

Ashish Shah: So for the foreseeable period till the tariff decision is arrived at, we will continue to charge MAT in the P&L is what you are saying?

Siddharth Kapur: Yes, MAT in the P&L is what our approach would be because we do not want to lose the impact in the tariff. Just to add in case the credit is always there, you can always take the credit back into the P&L whenever you recover it. So the impact is I think positive on both sides.

Ashish Shah: Sir, you said a part of the DF loans have been disallowed. So what would that quantum be which was disallowed?

Radhakrishnababu: The loan has not been disallowed. What happened is in March 2013, they have drawn entire Rs.350 crores towards the ATC tower whereas we have spent that amount over a period of 3-years. What the regulator has done is whatever the amount spent only they have considered as a loan drawn and allowed the interest instead of Rs.350 crores. As on today till December 31st we have spent only Rs.320 crores, still Rs.30 crores we have to spend. So the amount disallowed is only the interest portion on the amount which we have not utilized, otherwise loan has been permitted, there is no dispute as far as the loan is concerned.

Ashish Shah: There is a timing in the utilization of that loan, for which the amount was not utilized, interest is disallowed to be recovered by way of DF?

Radhakrishnababu: They have not allowed it to be recovered, that is why in the P&L account. As far as this MAT is concerned we have discussed with auditors. The credit is always available under income tax. So we can take it anytime whenever we want whenever we have a tax liability.

Ashish Shah: Also, the MAT rate which is implied from the numbers in DIAL comes out to be almost maybe 50%. So is that just the difference of book depreciation versus the depreciation we see here because on Rs.165 crores PBT, we have MAT of about Rs.89 crores?

Radhakrishnababu: No, the MAT provision has been made for a period of 9-months at a time. In September we did not make any provision for the MAT, expecting that the tariff may be implemented. Since it has been now clarified we continue the current tariff, that is why we have taken full provision up to December.

Moderator: Thank you. The next question is from the line of Shankar K for Edelweiss. Please go ahead.

Shankar K: My questions pertain to some of the power entities. Now, in the call you said that gas-based plants have operated around 50% PLF. But if you look at the plant wise numbers, it is around 16% in Vemagiri and 18% in Rajahmundhry and similarly even in Chhattisgarh, it was operative only for around 27%-odd. Can you please let us know where is that we are missing this?

Parag Parikh: As far as gas is concerned on GREL as well as Vemagiri, you picked it up right, so the current PLF for the last quarter has been in that range, the e-RLNG Scheme that has actually been awarded to us is to the extent of 50%, so the bids have been in the range of 50%, whilst so far we have operated in this range of 16% to 18%. The ERLNG scheme is starting from 1st October to 31st March ending. So we would continue to operate in the fourth quarter.

Shankar K: That I agree but you said 50%, right?

Parag Parikh: 50% is the ERLNG Scheme for which we have been awarded. What we have operated is at 18%, same number that you mentioned.

Shankar K: Yes, but you did not get the gas to the extent of operating at 50%, is that what you are trying to say?

Parag Parikh: That is correct. If I have to sort of give a small background to this, I think essentially whilst the bids have been awarded at 50% number this has been now operating on a rostering mechanism between the various plants and also since gas has been imported on the western coast for the issues of swapping along with the fertilizer companies this is yet being stabilized parallel. So to that extent as far as October to December quarter is concerned we have received gas in the range of about 18%.

Shankar K: In terms of Chhattisgarh, I believe you gave us a revenue number of around Rs.51 crores, that means roughly Rs.2/unit. So, have you been selling this to the Chhattisgarh state under that MoU what you have been having or you sold it in the spot market?

Parag Parikh: We have been selling so far in the spot market. The first unit has got just recently commissioned as we mentioned. The second unit is also likely to get commissioned in this quarter and that is where we will start getting up and running, but so far all this has been sold in the spot market only.

Shankar K: When this Chhattisgarh MoU then becomes effective?

Parag Parikh: Chhattisgarh MoU does become effective when both the entities get operational. Presently, of course, there is a conversation going on with the Chhattisgarh state about the offtake. I think we will have a little bit of clarity in the next quarter once we have the second unit also operational.

Shankar K: Now, if you look at the extraordinary items that we have broadly seen in the quarterly numbers, in the earlier call also it was highlighted, you had some MAT and you had some interest cost payment. Apart from that, are there any other extraordinary items either in terms of expenditure or the income side in the quarter?

Madhu Terdal: It is not reflected in other income or anything. It is a part of the normal revenue itself.

Shankar K: Yes, I understand that which is what I wanted to know how much is that quantum? I am not saying because it is extraordinary nature it should be in either other income or…

Madhu Terdal: Rs.260 crores.

Shankar K: That is a kind of one-off pertaining to prior period and not pertaining to this quarter, is it?

Madhu Terdal: In the coming quarters now it will be having an effect monthly.

Parag Parikh: So these are the arrears upon the favorable order, and as I mentioned moving forward also this will get recognized which would roughly will be to the tune of Rs.30 crores per quarter.

Shankar K: So Rs.200 crores out of this Rs.233 crores pertaining to prior period?

Parag Parikh: No, not exactly prior period, it is more as arrears …

Shankar K: You are saying prior to October 2015?

Parag Parikh: Shankar, we will come back to you.

Siddharth Kapur: I may just add that in Hyderabad the UDF has recommenced and for roughly 2-months in this quarter total UDF was about Rs.42 crores and actually going ahead it will have a full quarter impact plus of course a number of tickets had already been issued in the past for travel beyond the date of start of UDF. So the full impact of UDF will be felt only sometime in February-March. So going ahead the UDF collection will be significantly higher than what is there in the current quarter.

Shankar K: Siddharth, any estimate on a quarterly basis how much it can go up to?

Siddharth Kapur: Currently, in this quarter we have done about Rs.42 crores which is a little less than 2-months. But if you annualize it for 3-months it will be about Rs.57-60 crores and it can go up slightly by another Rs.5-10 crores to get the full impact of the UDF. So I would say between Rs.60-70 crores a quarter.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Just to clarify on this reduction in debt. So we received some Rs.2000-odd crores from Kuwait Authority and then our business seems to have given us around Rs.240-250-odd crores of cash profit in this quarter. But despite there our debt is down by only around Rs.1100-odd crores. So where would we have utilized the remaining money out of Rs.2200 crores minus Rs.1100 crores, we should have been left with around Rs.1100-odd crores incremental?

Madhu Terdal: It is not as straightforward I do not think we can do a reconciliation of the number in a call, but I can only say that we have utilized only Rs.800 crores out of the FCCB money, till have got Rs.1200 crores. Some of the debt reduction you will not see because in some of the projects for example in Chhattisgarh and all, we would have drawn additional debt, other short-term debts would have been taken. But what is important is out of Rs.2,000 crores, at least 75% of that money, around Rs.1,500 crores will be utilized either for servicing the debt or reduction of the principal payment. So you will see the impact during the coming quarters. We are not paying them suddenly reducing that. We have to manage our cash flows very systematically.

Prem Khurana: Just to understand this a little more, which all assets are under construction as of now -- Chhattisgarh unit - 2 would be under construction. So what kind of CAPEX is still pending for this asset? Apart from Chhattisgarh which all assets are we working on Chhattisgarh and Philippines?

Madhu Terdal: Bajoli Holi will be making a very small progress but the CAPEX requirement will be very small. Chhattisgarh, I think we do not have any major CAPEX there. There would be some unpaid vendors but that will be paid over a period of time. But currently, we do not see any much of this thing. But still some of the debt remain is to be drawn in Chhattisgarh because some of the lenders have not completely disbursed the money.

Prem Khurana: In Male Airport, now given the fact the termination date has been decided upon. What is the course of next action? In your fair assumption how long would it take us to kind of come to have a decision either in our favor or against? I hope we would get to have it in our favor.

Siddharth Kapur: As Madhu has mentioned that preliminary hearing has been held and of course we are in the process of fixing dates and time table for actual hearing. We expect that it may take another 7-9-months before a final decision. As you are also hoping, we are also hoping that it will be in our favor. The decision has already been decided in our favor. It is only a question of quantum. We are hoping that what we have made a claim for, we should be in a position to recover the amount which we have claimed are a very significant part of it.

Prem Khurana: If it was to be decided in our favor, so would there be any kind of other authority wherein Male government would be able to approach and kind of challenge that order, if it was to come it will be the final outcome that will be there?

Siddharth Kapur: This is the final outcome. This is not a court. It is an international arbitration and naturally the orders are final. So, after that I do not think there is any other appeal beyond this. Then it is binding on both parties.

Prem Khurana: AERA subsequent to this December order came out with one more order in the first week of February only wherein they have kind of discontinued this ADF from first of May. So how would it impact our cash flow? I understand ADF would not be routed through P&L, it will only be a balance sheet item. But then what kind of money are we getting from this ADF on a monthly basis or a quarterly basis and how would it impact?

Siddharth Kapur: This order is in line with their original order fixing the time of the collection of the ADF. The original order itself has said that it will continue till April end and they have fixed the total quantum. We are of course close to recovering that quantum and in any case regulator has also said that once it is discontinued in April end, there will be six months period to reconcile over or under collection and they will pass separate orders for the overall under collection. So in effect, this will have a neutral impact on Delhi Airport.

Prem Khurana: We have already securitized this ADF long back as in when the original order had come in our favor of Rs.3400 crores?

Siddharth Kapur: This has been completely securitized. So the entire loan has been repaid out of the ADF collection.

Prem Khurana: So is there a shortfall or a surplus as of if you …?

Siddharth Kapur: I think we will have to wait till April to assess. As per what we are doing run rate, I think we are fairly comfortable. We will have to take a view by end of April and then if there is over or under collection we will go back to the regulator which is already there in the order of the regulator in February and then they would pass necessary orders to adjust that amount either over or under collection.

Prem Khurana: Sir, would you be able to share numbers of Philippines for the quarter in terms of revenue, EBITDA or PAT? It comes with a lag, right. So it will be therefore last quarter only.

Siddharth Kapur: It is very much in line with Q3. So we can come back to you and share that separately.

Prem Khurana: Would it be possible for you to share numbers for Chhattisgarh in terms of variable cost per unit and fixed cost per unit?

Parag Parikh: Prem, you can come back to us and we will give you those numbers.

Moderator: Thank you The next question is from the line of (Nitin Idnani from Axis Capital). Please go ahead.

Rajarshi: Rajarshi here. I was going through your presentation. So, if I look at Airports vertical and I look at the consol EBITDA that is about Rs.647 crores whereas if I look at the numbers for Delhi and Hyderabad, the corresponding numbers are Rs.456 crores and around Rs.100 crores. So if I add these two, I get about Rs.550 crores, basically there is a gap of about Rs.100 crores. So just wanted to understand the reason for that?

Siddharth Kapur: This is on account of consolidation for various joint ventures. We have a number of joint ventures under Delhi and Hyderabad. So what you are looking at is standalone plus of course there is a separate consolidation amount for all the various joint ventures depending on the stakes we have.

Rajashree: But then that should be consistent with previous quarters as well, right, every quarter there should be this kind of a gap, that is what I am asking?

Siddharth Kapur: Yes, every quarter there would be a gap. If you are looking at the quarterly numbers Q3 Vs Q3 for various joint ventures, gross revenue for Q3'16 or the total consolidated amount of joint venture was Rs264 crores against Rs.218 crores for Q3 of last year, EBITDA was Rs.78 crores Vs Rs.37 crores last year and PAT was Rs.(-13) crores Vs Rs.(-28) crores last year.

Moderator: Thank you. That was the last question. I would now like to hand the floor over to the management for closing comments.

Madhu Terdal: Ladies and Gentlemen, once again thank you for joining us. Your participation is of course an encouragement to us as well. I would like to reemphasize that GMR has already entered the turnaround phase and we will continue to keep up our performance in the coming quarters.

Before I take off from the call, I would like to acknowledge the presence and contribution of my dear colleagues in the call: Mr. Govindarajulu Executive Vice President and CFO, Group Corporate; Mr. Lakshminarayana TSV. – CFO of MALE Airport; Mr. Jitendra Jain – CFO of Corporate Finance; Mr. Amit Jain – Head of Investor Relations; Mr. Apurva Jhalani – CFO, GMR Singapore; Mr. S.K. Kulkarni – Head, M&A; Mr. Manoj Kumar Singh – Head, Equity; Mr. Siddharth Kapur –Sector CFO of the Airport Sector; Mr. Radhakrishnababu – CFO of Delhi Airport; Mr. Rajesh Arora – CFO of Hyderabad Airport; Mr. Parag Parikh – Sector CFO of the Energy Sector; Mr. Ashish Basu – CEO of Corporate,; Mr. Jagjeet – CFO of Chhattisgarh; Mr. Yash Arora – CFO of Hydro; Mr. Madhusudhan – Head, Energy Integration Group; Mr. Krishnan Kumar – CFO of Indonesia; Mr. Arunendu Saha – Vice President, EMCO and the Head of Gas-based Power Plants; Mr. Mohan Rao – CFO of Urban Infrastructure; Mr. Srimannarayana – Head of Finance; Mr. Srinivas Rao -- EVP SEZ; Mr. Lakshman Moorthy – CFO of GMR Varalakshmi Foundation and also our entire Corporate Relations Team and Mr. Raghunathan – CEO of GMR Varalakshmi; Mr. Rajesh Madan – CFO of Cebu Airport; Mr. Narayan Rao – President, Legal; Mr. G. Subba Rao – President, Corporate Relations; Mr. D.R.S. Krishnan – EVS, Banking Relations. So I would like to acknowledge their presence and thanks them for their support. So back to you.

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.