GMR Infrastructure Limited Q1 FY16 Investor / Analyst Conference Call Transcript

Friday, 14 August 2015 at 4.00 p.m.

Moderator: Ladies and Gentlemen, Good Day and Welcome to the GMR Infrastructure Limited Q1 FY16 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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 maybe 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. At this time, I would like to hand the conference over to Mr. Madhu Terdal -- Group CFO. Thank you and over to you sir.

Madhu Terdal: Ladies and Gentlemen, Good Afternoon. I am very happy to announce the First Quarter Results of 2016 and indeed it is a very good beginning for the New Year. I am very happy to report to you that there is an all-round improvement in all the segments of GMRs operations. At the highlights consolidated level GMR Infrastructure for the first time after almost about 10-quarters registered Rs.60 crores of positive cash profit. The significance is we have reduced our losses as much as Rs.565 crores from last quarter Rs.(-505) crores of loss, this quarter we have registered a profit of Rs.60 crores and this reduction in loss has happened across all the segments – Airports, Energy as well as the other sectors.

Coming to EBITDA numbers: EBITDA has significantly increased by 40% as against the last quarter number of Rs.613 crores, our EBITDA has touched a figure of Rs.855 crores which marked a 40% increase.

Let me come to the Sector wise: This EBITDA in Energy sector has gone up almost by 2.65x of the last quarter as against the last quarter number of Rs.43 crores EBITDA this quarter has jumped to Rs.114 crores and this is mainly on the back of the improved performance in EMCO as well as Kamalanga. EMCO clocked a PLF of 70% average and Kamalanga clocked 58%. EBITDA in the Airport sector has also increased significantly by 32% from Rs.412 crores to Rs.544 crores buoyed on the back of the traffic growth in Delhi as well as Hyderabad Airport. Not only the absolute numbers of EBITDA has improved, the EBITDA margins have also improved, as against the EBITDA margin of 27% last quarter, this quarter GMR has achieved improvement by 9% standing at 36% on a consolidated basis. The losses have been reduced by as much as of 37% over the previous quarter. The operating margins of power plants, the robust traffic growth in airport have contributed to PAT coming in at Rs.410 crores of loss as against Rs.652 crores of loss in the first quarter of '15.

While GMR is continuing to do its efforts in terms of deleveraging, we are seeing the first result where the absolute interest costs have come down and we have used about Rs.1,100 crores out of the rights issue proceeds and Rs.62 crores of the interest cost during the quarter has come down.

I would like to address the Sector level now independently, let me begin with the Airport sector: In the Airport sector there are some significant developments; GMR Airports Limited which is a holding company we completed the buyout of 10% stake from MAHB in May 2015, as a result of which GMR Airport Limited now holds 64% in Delhi Airport. In Delhi Airport, some of the significant highlights are: The revenue of Rs.1,153 crores and the overall revenue growth of 16%; Non-aero showed a very significant growth of 23%. Traffic growth registered significant improvement; we grew by 13.4% and for the first time in the history of any airport in India, Delhi Airport registered traffic of 3.95 million per month that is in the month of May. Cargo grew by 8% with the domestic cargo volume growth of 15%. Reflecting the improved operations, the rating agencies also improved their credit rating; CRISIL changed to (AA-) and ICRA also upgraded from 'A (Flat)' to 'AA-'. A new airline, Air Asia started its operations from Delhi on 21st May 2015 and DIAL also signed a MoU with AMS Airport to jointly promote the cargo business on 8th of May. Taking a very significant initiative in enlarging our Cargo businesses for the first time in any airport in India, Delhi Airport launched air cargo logistic center on 21st of May. DIAL also has been recognized a green company and was awarded GreenCo Gold Rating by the CII Green Building Council. Equally significant and noticeable operations were noticed in Hyderabad Airport as well. The passenger registered a whopping growth of 23% and again in the month of May for the first time Hyderabad Airport crossed the magic number of 1 million passengers in a single month, and cargo grew as much as by 12%. Again reflecting upon the improved operations Hyderabad Airport was upgraded by ICRA, the loan rating was improved 'LBBB (Neutral)' to 'A-'. Ministry of Civil Aviation also directed the AERA in June 2015 for adopting the 30% hybrid till for determination of tariff in Hyderabad Airport which will reverse a significant negative decision earlier made by the regulatory authorities.

Let me turn to the Energy business: After a bit of a struggle in the Energy sector. GMR Energy operations have started steadily growing and sustaining our operational profitability. EMCO achieved revenue of Rs.291 crores and registered an EBITDA Rs.41 crores for the first quarter and we registered an average PLF of 70% and this is likely to improve in the coming months as the Tamil Nadu PPA will start off. In the meanwhile, EMCO is supplying about 100 to 125 Megawatt of power to Tata Power on bilateral arrangement and currently, the plant is running full load. EMCO incidentally also completed its refinancing with a reduction of interest by 1% and we also managed to get an additional moratorium of 18 months.

Coming to GMR Kamalanga Energy: Kamalanga also improved its operations and its achieved a turnover of Rs.358 crores in the first quarter and a PLF of 58%. Apart from this, from the financing side, we have already achieved a flexible restructuring package by all the majority of the lending bankers where an additional funding of Rs.400 crores and also additional moratorium by another two years has also been achieved.

Coming to Chhattisgarh: It has made a very significant improvement. We have already taken over Talabira mine operations, the operations have already commenced in early August and the coal production has also started and the actual movement of coal is likely to happen in the next couple of weeks and possibly the coal will reach the plant side very soon perhaps in the current month itself.

On the gas plants also there has been a very good improvement. Under the new policy announced by the Government of India, VPGL has been emerged as a successful bidder in the online reverse auction and we have been allotted RNLG for operations equivalent to 25% PLF. In accordance with the same, Vemagiri started its operation from 12th of August 2015 rostering up till September 2015 and I can tell you yesterday they have started the operations and we have achieved a PLF of 95%. VPGL before this we used the RLNG supply from APTRANSCO and Telangana Discoms and we achieved a PLF of 56% during the month of April. All in all during the quarter, Vemagiri Power Generation Limited which was not operating earlier, achieved a turnover of Rs.115 crores.

As soon as GMR Rajahmundry is concerned we have got it refinanced by the lenders and all entire money which was required for another Rs.250 crores for restarting its operations under the new gas allotment is in place and GMR Rajahmundry during the roster system is also likely to commence its operations in the coming quarter. So you will see that on the energy both on the thermal as well as gas power plants there is a significant improvement. Indeed, we have noticed a very good development even on the urban infra which was languishing behind other sectors. In Kakinada SEZ, we have managed to get significant business opportunities. Pals Plush which is the leading toy manufacturer from China who is the supplier to US-based companies, they have started their initial operations from its first unit have already recruited more than 250 women…, particularly they are all women from the rural side, it is going to achieve a significant employment generation plus it will kick start the operations in Kakinada Special Economic Zone. Buoyed by the success of their first unit, Pals Plush also now is expected to start its second unit whereby the operations of the second unit are likely to start in the coming quarter whereby they are planning to recruit more than 1,000 people in the same site, they are improving from their construction from 80,000 square foot. As we have informed earlier quarter, Kakinada SEZ has also entered into an MoU with Guizhou International Investment Corporation (GIIC) where a dedicated Chinese high end equipment manufacturing zone in 2000 acres is likely to come up, the first phase of development will be in the region of 500 acres. As a follow up of that effort and the MOU a few select Chinese industrialists are likely to visit Kakinada SEZ in the next two week's time.

There is a good development in Krishnagiri SEZ also. We have already identified Phase-1 of 640 acres which is being planned to develop as a mixed use development mainly catering to the auto, electronics, precision engineering industries. The private lands required for the development have also been acquired and the discussions are in progress for potential JV partner as well as getting the required land from the government

In the first quarter of the year 2015-16 GMR has increased its profitability, it has reduced its losses and EBITDA margins have improved, and we hope to also reduce the existing debt to a significant extent in the coming quarters.

With this, I will open the forum for the Question-and-Answer Session. Over to you.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Deepak Agarwal from Elara Securities. Please go ahead.

Deepak Agarwal: My first question is like can you comment on how do you see the EBITDA especially from the Energy business shaping up over FY16-17 as the Chhattisgarh plant become fully operational and gas also to start once this bidding gets over?

Parag Parikh: This is Parag Parikh, the CFO for GMR Energy. As you noted, I think, firstly, on our gas operations with Vemagiri starting out here, this should enable us to do an additional top line for the immediate vicinity for about an additional another Rs.150-odd crores. A`lso, as you are aware that the second round of gas auctions are expected in the month of October, and it will enable us to continue to operate at least at a similar PLF for the existing plants. So that is with respect to gas operations. Then coming back again to some of the other operating plants of EMCO and Kamalanga, EMCO in the meanwhile being supplying power as being mentioned to Tata Power and we are expecting also the issue with Tamil Nadu getting sorted. Once that gets sorted the power will start getting supplied to Tamil Nadu. So I think from a PLF perspective since in paucity of Tamil Nadu, we have been supplying to Tata Power. We continue to expect to see the PLFs being reasonably strong. Third is I think on Kamalanga which is into the operating phase, again out here we are expecting our PLFs to improve over this period of year, and all in all you should see consistent revenues which is being reflected out here with a top up coming out of the additional operations of gas and improvement also in PLFs of EMCO and Kamalanga.

Madhu Terdal: Just to add to Parag, the summary basically will be EMCO and Kamalanga will continue to make its a gradual improvement, gas operations may be more or less steady till the next cycle of gas allotment happens, but Chhattisgarh is also likely to start its operation during the next quarter or so. In that event there may be little bit of a negative pressure would be on an aggregate number, but otherwise both of these plants will continue to show robust improvement.

Deepak Agarwal: We will start off with the COD only with the sale to Chhattisgarh state electricity board, right?

Madhu Terdal: These plants are not yet materialized. I think maybe in sometime, we will be able to exactly respond on that because we are just waiting for the coal to be moved into the plant site, and we are also in the process of finalizing certain PPAs. Once they are finalized I think we will be able to precisely tell exactly when these are likely to improve.

Deepak Agarwal: My next question is can you comment on what has driven such a good passenger traffic growth in both the airports, especially the Hyderabad?

Sidharath Kapur: This is Sidharath Kapur, CFO from the Airports. Passenger Traffic growth is generally driven by economic conditions and this upswing in traffic both in Delhi and Hyderabad especially on the domestic side has been primarily driven by general economic uplift and this is seen across all the airports, not just in Hyderabad and Delhi, though the percentage of increase in Delhi and Hyderabad has been a little more sharper but generally it is driven by a general uplift in the economic conditions of the country and the propensity to travel. Apart from also pricing by airlines because with the softening of fuel prices airline ticket prices have also come down and that has also made it much more economical for people to travel and the propensity to travel has also increased because of that reason.

Deepak Agarwal: In Delhi, when we see the non-Aero revenue in terms of per pax, it has actually come down. So any comments on that?

Sidharath Kapur: I think it may be due to little bit of seasonality effect but generally the non-aero revenues have grown quarter-on-quarter as well as on sequential quarter basis, but maybe there would be a slight aberration, but it may be due to very sharp increase in traffic and there will be a catch up effect of it.

Deepak Agarwal: Any update you would like to share in our appeal with the appellate tribunal on the real estate refundable deposit because that will decide when we can have the next round of tariff revision at the Delhi Airport?

Sidharath Kapur: Tariff revision for Delhi Airport is currently pending with the regulator. There are also significant issues which are pending before the appellate body. The appellate body has not yet been reconstituted after the retirement of the earlier members. That was the reason why the High Court in Delhi passed orders wherein it has stated that AERA cannot go ahead and implement any tariff revision till the issues which are pending in appellate are decided. So that order is still pending. Though the regulator has gone in appeal against that order before the Supreme Court and the Supreme Court has not yet taken a decision on it. In the meantime, the regulator is continuously engaging with Delhi Airport to firm up it is final position after the consultation paper came out in respect of the final tariff. Even though they may come out with the final order but it cannot be implemented till this order of High Court is there or till it is vacated. The appellate body constitution, the government has sought more time till October to reconstitute the appellate body and we expect that even if the appellate body is reconstituted, it would take them some time to understand the issues and then pass final orders. So currently the tariff fixation process is slightly impacted because of these issues but given the fact that there is going to be a reduction in tariffs which is expected which were also part of the consultation paper though the magnitude maybe different as compared to the consultation paper because we are continuously engaging with the regulator to improve the final outcome.

Deepak Agarwal: Any update on the real estate part of monetization at the DIAL?

Sidharath Kapur: At this point, it is still status quo. We are working on closing the master planning for real estate and working on putting the bid papers together for the next phase of monetization and we hope that we would be in a position to come out… of course, we are looking at the timing very closely given the real estate market situation. So we hope that we would be in a position to be out in the next few months.

Moderator: Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

Vibhor Singhal: A few questions from my side: Did the Philippines Airport contribute to the financials in this quarter? If yes, can I get the revenue, EBITDA and PAT numbers for the same?

Sidharath Kapur: The Philippines Airport has contributed to the revenues; this was actually the second quarter for Philippines Airport and we are consolidating Philippines Airport on a 40% equity basis and this is being done on one quarter lag, given the fact that it is outside the country. The overall revenue is 19 crores, EBITDA is Rs.13 crores, PBT is Rs.10 crores, PAT is Rs.7 crores, and cash profit is Rs.9 crores.

Vibhor Singhal: So, will this be the run rate for going quarters also or do we expect a significant ramp up in this number?

Sidharath Kapur: No, this number will increase because this was not the complete operations because we took over only in November and this number of course will ramp up as we move ahead because one is of course the timing issues and the second is there is a significant focus on enhancing our non-aero revenues, that impact will also come as the quarters move by.

Vibhor Singhal: Any target or any guidance that you would want to probably provide as to, may be the top line that we are looking at from this airport for the full year?

Sidharath Kapur: I think it will not be very fair to hazard a forward-looking statement on this at this point of time.

Vibhor Singhal: Sir, what exactly is the status of the coal mines in Indonesia both GEMS as well as Bara Sentosa?

Parag Parikh: On our Indonesian Coal mines I think primarily we can break it up into our GEMS which is an acquired facility and we are shareholders of 30%. That mine is continuing to operate at a steady state. Whilst coming to PTBSL which was largely under the implementation phase, we have just about started in the last quarter of the earlier financial year on to production. So to begin with we started with about 10,000 tonnes per day, today we are gradually ramping it to about close to 30,000 tonnes. So slowly we are beginning to operate on PTBSL, in times passing by this will of course slightly move further up to about 50,000 to 60,000 per day. So that is where we are ramping our operations on an immediate basis.

Vibhor Singhal: Given the current international coal prices, would we be able to break even either at GEMS or at Bara Sentosa level?

Parag Parikh: I think specifically on our PTBSL we are exploring a couple of options to see how we can look at break even. So once we begin to ramp up our operations on the Indonesian mine, we should expect there to break even. As I said, that is where we are on PTBSL.

Vibhor Singhal: For GEMS can I get the revenue and PAT number if possible for the quarter?

Krishnan Kumar: For the first half, at 100% level GEMS has done 4 million tonnes of coal mine where 35% growth year-over-year, revenues around $166 million and PBT of $8 million. That translates to a cash profit of around $15 million for the first half. GEMS continues to have a healthy cash balance as of 10th June of $50 million cash in the balance sheet and debt of only $20 million.

Vibhor Singhal: Sir, at any point of time is there a strategy that you are looking in terms of either divesting this asset or any other kind of plan.

Madhu Terdal: At this point of time both these assets are integral to our strategy and we would probably continue to make them operational and turn around if possible. Perhaps looking at the way the commodity prices are currently ruling, I think it may not be the right time to look at it though it will be GMR's strategy to divest, but I think we will have to wait for the time to improve.

Vibhor Singhal: Continuing on the Energy division, the Chennai Power Plant, the PPA for that has completed, right, that plant would be decommissioned as of now?

Madhu Terdal: We have given an offer to the Tamil Nadu government, we have asked them either they would like to continue or they would like to discontinue. Obviously, if they want to discontinue, they will have to pay certain amount of compensation to us as per the PPA agreement, otherwise, if they are willing to extend the PPA at a reasonable margin of profit, we are willing to continue the operations also, we are waiting for the decision of the government.

Vibhor Singhal: But as of now the plant is not operating?

Madhu Terdal: As of now the plant is not operating, but still we have to receive around Rs.360 crores of receivables from the government.

Vibhor Singhal: Any timeline on when we expect that will come? I think that has been pending for a long time from the Tamil Nadu state government.

Madhu Terdal: Your guess is as good as mine, but still I can say that during the last about now six months we have received more than Rs.100 crores or so. So, it is not that it is definitely not bad at all, but obviously, because our operations are not active, obviously, they are paying the money to those people from where they are picking up the power and then they are giving to us. I think we can expect some trickling inflows during the coming quarters.

Parag Parikh: Just to add in, I think in that sense while the number seems to be similar it is more in a rolling cycle and which is why where you see the number of about Rs.370-380 crores which is yet pending. Over the last 6-8-months significant amount of money has been released. What becomes pending again is the power sold until the PPA got over.

Vibhor Singhal: The Chhattisgarh Power Plant you mentioned that maybe by this month end or maybe next month we might look to receive the coal from the Talabira coal mine. Assuming let us say in a best case scenario, we start operating the power plant from the next month, so will the initial power generated by supplied to the Chhattisgarh government because as of now I do not think we have PPA. So, what exactly is the strategy that we are looking at on that front?

Parag Parikh: There are two thought processes out here – firstly, when it comes to our Unit-1 of Chhattisgarh which is almost in fact ready and therefore we are saying it will start operations. In the meanwhile, now with our coal mines being won, this has become an integral part for us on the fuel side with the first coal mine of Talabira now into operations, we are expecting this steady state of supply of coal will enable us to start generating power for unit-1. With respect to the sale of power, whilst on one hand, we have Chhattisgarh under even our coal auction scheme, you are permitted to sell 15% under merchant. Then there are smaller strategies around how we get into PPA for Chhattisgarh. As you heard earlier, there is a PPA with Tata Power which is being sold today from EMCO. As and when on one hand, Tamil Nadu begins to start off from EMCO we will swap this back into Chhattisgarh for future biddings of Tata. So, to that extent, there are multiple line of PPAs coming in the next 3-4-months and we are finally participating in that.

Vibhor Singhal: So the 15% allowed to be sold on merchant power basis, that would be applicable only if we sell some power in a PPA and only then can we sell 15%, the first 15% cannot go as merchant power, right?

Madhu Terdal: We do have a PPA with the Chhattisgarh government. On the back of it we can definitely do 15% merchant sales.

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

Ashish Shah: Could you help me with the average fuel cost for both EMCO and Kamalanga for the quarter?

Jagjeet Dadiala: I am Jagjeet here, I am looking after EMCO. You asked the variable cost - the average rate which is Rs2.22/unit for the last quarter.

Ashish Shah: Also, on the debt side, historically, we have been giving the breakup of the debt at the asset side as well as the various holdco side. Could you just refresh the breakup now after having repaid?

Govindarajulu T: We have corporate debt of Rs.7,000 crores which has come down by Rs.400 crores in this quarter and net project debt is Rs.33,200 crores.

Ashish Shah: Rs.400 crores reduction has happened in the current Q2?

Govindarajulu T: Yeah, corporate debt.

Ashish Shah: We spoke of Vemagiri having started production using the gas we have got. How about Rajahmundry?

Parag Parikh: Rajahmundry is also in advanced stages of commissioning, Ashish. And we are expecting both the units of Rajahmundry to also get commissioned in the current quarter itself. We will participate into the next round of gas auctions and by then we will be operating the GREL plant.

Ashish Shah: Any estimate you would like to give – what could be the final completed project cost for Rajahmundry… equity and debt?

Madhu Terdal: It is in the process of being finalized. Basically, we will have to freeze the next round of financing for this. So, I think maybe once the total financing pattern is finalized, perhaps in the next call we should be able to tell you exact number. We are also working out certain arrangements with the lenders also.

Ashish Shah: Lastly, for the Kamalanga, we have filed tariff revision application, so what is the status of that application?

Madhu Terdal: There is no significant improvement except our follow-up.

Ashish Shah: Any idea when can this issue get resolved?

Madhu Terdal: We are continuing to make our efforts obviously with the government. It will be unfair to put a date but I can tell you that as you have seen, we have shifted our headquarters to Delhi and enough of pressure is created. But we hope to see some improvement in the coming quarters only. But having said, I just want to add one or two points; there was a meeting held by the power minister along with all the bank heads as well as some selected companies which were having a large exposure to power business. It was brought to the notice of the minister that almost about out of the 400 cases that are stuck at the various tribunals, regulatory authorities and all, about 260 cases are pertaining to these tariff revisions and non-acknowledgement by the gridco, etc., The power minister along with the power secretary, they have taken a very-very serious note of this and we believe that they are trying to work out an arrangement because today whatever is being proposed by the state regulators is being opposed by the federal agencies and vice versa. The government is seriously looking into this issue and is trying to find out a permanent solution where they can give some sort of an order in the event of certain circumstances this has to be acknowledged. I think that kind of a measure is being initiated by the Government of India and if that comes through my feeling is all these issues will be resolved much sooner than what we expected.

Ashish Shah: Kamalanga detail?

Yash Arora: Kamalanga variable cost was about Rs.1.96/unit.

Ashish Shah: You said revenue for Kamalanga at Rs.358 crores. What would be the EBIT or EBITDA which you gave for EMCO, similarly if you can give for Kamalanga?

Yash Arora: Kamalanga EBITDA during the last quarter it was Rs.67 crores.

Moderator: Thank you. The next question is from the line of Rajarshi Maitra from Axis Capital. Please go ahead.

Rajarshi Maitra: My first question is on the Hyderabad Airport. Now, I understand that the regulator AERA has been given a directive to adopt the hybrid in model. So, my first question is, is this a done deal or if not when do you expect it to become hybrid till?

Sidharath Kapur: In the way you put it, it is a done deal. This is not an advisory from Ministry of Civil Aviation, it is a directive. Under the AERA Act the Ministry of Civil Aviation, Government of India can give directive on policy matters to the regulator which is binding on the regulator. So, this directive on hybrid till is binding on the regulator and the regulator does not have a choice but to accept it. Now, we are already towards the fag end of our first control period and the second control period will start from April of 2016. So, we would be very shortly filing our revised tariff proposals for the second control period and as part of that we would be filing it on the basis of hybrid till for the next control period plus also what we are entitled for the true up for the earlier control period where the tariffs were fixed on the basis of single till. So, in the next control period, which is starting from April, impact of this hybrid till will be felt as far as the tariffs on revenues and profitability of Hyderabad Airport is concerned.

Rajarshi Maitra: For this Hyderabad Airport…I am just asking just for the aero calculation, what kind of returns would be provided?

Sidharath Kapur: They are looking at a return on 16% equity IRR. Now, that is one of the basis of calculating the WACC. So, it is a complex formula. Apart from that, they give you full cost recovery on your OPEX, non-aeros and there will be only a cross-subsidy of non-aero of 30% and effectively the WACC will be recalculated going backwards. We expect that the true-up impact of an hybrid till is roughly between Rs.250 to 300 crores apart from the fact that revenues for the next control period will be much higher than what we are currently in since it will be recalculated on the basis of hybrid till.

Rajarshi Maitra: My other question is for gas-based plants. Now, obviously your gas-based plants have now started. So just wanted to understand, what is the kind of tariff unit that you are earning and what is the kind of landed cost per unit in terms of fuel?

Parag Parikh: I think under the current scheme, we are likely to achieve a PLF of about close to 25% and on that today we have a price of overall Rs.4.70 which is coming from the Discom, along with that the PSDF that we have, that gets further added up to cumulatively taking it up to Rs.6.14. That is in terms of our sale price. I will come back to you exactly the number on our EBITDAs, but I think really with the essense of policy being it is only really to meet up with all our operating costs and not really leaving any return for the equity shareholders.

Rajarshi Maitra: But interest cost also would we be operating and interest and depreciation cost these will get covered, is my understanding correct?

Parag Parikh: That is correct, but at the desired PLFs of 25-35%.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the floor back to the management for closing comments. Over to you, sir.

Madhu Terdal: Ladies and Gentlemen, thank you very much for participating in the call. Before I conclude, I would like to acknowledge the presence of all my colleagues, Mr. Sidharath Kapur –CFO of the Airport sector; Mr. Radhakrishna Babu – EVP of Delhi International Airport; Mr. Manoj Kumar Singh – Head of Equity - GMR; Mr. Mohan Rao – CFO of Urban Infra and Transportation; Mr. Rajesh Arora – CFO of Hyderabad Airport; Mr. Govindarajulu – EVP of Group Finance; Mr. Sreemannarayana - CFO=; Mr. Amit – CFO of Highways; Mr. Rajesh Madan – CFO of the Cebu Airport; Mr. Yash Arora – AVP of Kamalanga; Mr. Alok Srivastav – CFO of Vemagiri; Mr. Parag Parikh – EVP and Sector CFO of Energy; Mr. Jagjeet – CFO of Chhattisgarh; Mr. Jitendra Jain – Head-Debt, CFO of GMR Corporate; Mr. Amit Jain – Head of Investor Relations.

Before I conclude, Ladies and Gentlemen, as you see GMR is continuing its efforts to improve its profitability. We are improving our operations totally in the three segments -- #1, completing and improving of our operations. You will see the first quarter results with EBITDA improvement and loss reduction which are evident. #2, we are continuing to focus on the deleveraging and improving our balance sheet. This is happening in two folds: One is by way of divestment of the assets and secondly by talking to some of the strategic as well as the financial investors. I would like to reassure you that the efforts on the part on both the fronts are alive and we hope to make some significant progress in the coming quarters. #3, we are also trying to do the refinancing of all our assets and bring down the pressure upon the entire overall cash flow positions. You are seeing that we have already completed the refinancing of EMCO as well as Kamalanga is being completed very shortly. As a result of that, the interest rate has been coming down by almost about 1.5%, we are getting a moratorium of more than 2-years, as a result of that our pressure on the cash flow position is improving very significantly. The deleveraging effect has also started and being noticed. Rs.400 crores absolute debt has come down. Rs.60 crores of interest cost has also come down. With those remarks, Ladies and Gentlemen, thank you very much.

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