



“Conference Call Transcript - Discussion on the Strategic Partnership of Tenaga Nasional Berhad with GMR Energy”

Tuesday, May 10, 2016

Moderator: Good morning ladies and gentlemen and welcome to the GMR Infrastructure Limited's Conference Call to Discuss the Strategic Partnership of Tenaga Nasional Berhad with GMR Energy. 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 this conference call you may signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

We have with us today from the company Mr. Grandhi Kiran Kumar – Corporate Chairman, GMR Group, Mr. GBS Raju – Business Chairman, Energy, Mr. Madhu Terdal – Group CFO and Mr. Parag Parikh – CFO, GMR Energy.

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. Grandhi Kiran Kumar –Corporate Chairman, GMR Group for his opening remarks. Thank you and over to you sir.

Grandhi Kiran Kumar: Very good morning. Welcome everybody and thank you for taking out your time to participate in this call. We are here today to share with you a landmark milestone not only for GMR Group but for the Indian power sector as a whole. Tenaga National Berhad Malaysia's largest power and utility company is making an investment of USD \$300 million (approximately Rs. 2000 crores) in GMR Energy Limited, a subsidiary of GMR Infrastructure Limited. This investment represents 30% equity stake on a fully diluted basis in GMR Energy Limited comprising of a select portfolio of energy assets which indicates that the post money equity value for these assets is USD 1 billion.

Let me introduce our partner Tenaga. Tenaga is integrated power utility player. It is present in complete value chain of power generation, transmission and distribution. It is the largest electricity utility in Malaysia and one of the largest power companies in Southeast Asia. Tenaga has more than six decades of experience in managing and operating power assets. It also provides O&M services for other power producers. It has total installed capacity of over 10,800 MW with a 50% market share of the Malaysia's grid generation capacity. It serves over 8.9 million customers in Malaysia through the National Grid. Tenaga is listed entity with a market cap of approximately USD \$20 billion. This deal is significant on many counts. After a significant gap an international power utility is entering the Indian power sector through a strategic partnership. A marquee investor has reposed faith in the long term growth of our group, our group has excellent track record of successful international partnership such as Fraport, Malaysian Airports, Temasek, IDFC and recently Kuwait Investment Authority. This partnership once again signifies GMR's commitment and ability to successfully execute strategic partnerships to create value for all its stakeholders.

Now let me share with you the contours of this transaction:

Tenaga will invest in a platform comprising of a mix of operational and under-development assets totaling an approximate 4,630 MW which comprises of operational capacity of 2,300 MW consists of our coal, gas and solar assets. Apart from this we have 2,330 MW of developmental assets largely in hydro where Tenaga has extensive experience. Additionally, Tenaga will have the right to invest in Chhattisgarh and other power assets through this platform any time in the next 5 years.

Some of the key benefits of this deal for GMR Group is as follows: Induction of a strong strategic partner to provide renewed impetus to energy business and create a strong growth platform. Tenaga's rich experience of building and operating large power projects both thermal and hydro, presence in power distribution and managing O&M contracts with facilitate in improving the performance of our operational assets. This transaction will significantly strengthen our balance sheet. It will lead to approximately 30% reduction of consolidate corporate debt of the group. This will also lead to consequent interest saving of approximate Rs. 200 crores to Rs. 250 crores on an annual basis. This partnership will result in a creation of a strong deleveraged energy company with a healthy balance sheet and a balanced mix of operational and underdevelopment assets. This will lead to a strong visibility of cash flows which makes it an ideal platform for creating liquidity and unlocking value in future. Also, we will be well positioned to take advantage of any attractive opportunities that are present in the power sector. Creating of this platform will facilitate rerating of the energy business leading to a wider source of funds at competitive terms.

To summarize the key highlights an investment of USD \$300 million for a 30% stake values our energy portfolio at USD 1 billion. Probably for the first time in Indian power sector a strategic partnership has been formed at the energy platform level with an international player. The proceeds will be primarily used for corporate debt servicing resulting in a healthier

balance sheet. It will help achieve operational excellence in operating assets leading to healthy cash flows. This will lay down the foundation for GMR Energy Business to pursue select opportunities in future in line with our asset light – asset right strategy. I thank you again for your participation as we initiate this long-term strategic partnership with Tenaga. We will now take your questions.

Moderator: Thank you very much sir. Ladies & gentlemen we will now begin the question and answer session. The first question is from the line of Bhavin Vithlani from Axis Capital. Please go ahead.

Bhavin Vithlani: My question is after this transaction if you could explain because we had compulsorily convertible preference shares, so what would be the GIL stake in GMR Energy?

Madhu Terdal: Post the conversion first of all the good news is that all the PE investors both Temasek and IDFC have fully stood by the transaction and they have supported us. And their entire convertible preference shares will be converted into equity. So post this, 52% will be held by GMR Group and 18% will be held by the PE Investors and 30% will be held by the Tenaga. So that will be the overall shareholding structure.

Bhavin Vithlani: My second question is what proportion of the debt is attributed to the assets that are being part of the transaction and also what proportion of corporate debt will now be balance after the transaction? So it is a question in two parts. The project debt which is attributed to the projects which have been part of the transaction and second is what would be the residual corporate debt after the transaction?

Madhu Terdal: Post this transaction there will be 9200 crores of the project loan will be there in the company. At the time of the completion when we see them in our corporate debt, I mean the corporate debt will be Rs. 2400 crores and this proceed what we are going to get will be primarily utilized for retiring that corporate debt.

Bhavin Vithlani: Okay, so the corporate debt will then become zero, is that a fair understanding?

Manojkumar Singh: It will not be zero because the corporate debt will be Rs. 2400 crores where the proceeds are going to come, I mean Rs. 2000 crores, so to the extent of Rs. 2000 crores plus whatever the interest is there. When we make the payment the residual debt will remain over there.

Bhavin Vithlani: And just to reconfirm Rs. 9200 crores is a project debt attributed to the projects part of the transaction.

Grandhi Kiran Kumar: That is correct.

Bhavin Vithlani: And what would be the debt for the projects which are not part of the transaction which is primarily the Chhattisgarh project?

Manojkumar Singh: Yes, Chhattisgarh project as well as the GREL, these are the two projects I mean the project debt will not be attributed.

Bhavin Vithlani: Sir if you could help us on the debt numbers on these projects?

Parag Parikh: As far as Chhattisgarh is concerned the project debt at completion would be approximately Rs. 8000 crores. As far as the Rajahmundry asset is concerned the overall debt is close to Rs. 3700 crores.

Moderator: Next question is from the line of Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah: Good morning and congratulations for this deal. First question is just continuing with what was being discussed. So you said that for the remaining assets you will have Rs. 800 crores for Chhattisgarh, Rajahmundry Rs. 3700 and will the Indonesian mines carry any debt along with them in the remaining entity?

Parag Parikh: Yes Bhavin, the Indonesian mines exist in outstanding debt will continue to remain there and that was also be carved out as a part of this proposal.

Ashish Shah: So how much would that be approximately?

Parag Parikh: The outstanding debt as far as the Indonesian mines are concerned is to the tune of close to Rs. 375 million.

Ashish Shah: So basically the power entity which is outside GEL will have 8000 plus 3700 plus \$375 million of debt associated with the assets which are there in that company.

Parag Parikh: That is correct.

Ashish Shah: Now firstly on the deal, so is this like a pure equity transaction. Is there any guarantee or any structure or this is going to be a pure equity transaction?

Grandhi Kiran Kumar: This is a pure equity transaction. There is no structure.

Ashish Shah: Right. See secondly in the earlier deal we had with the private equity all the assets were part of GEL and they had a certain stake and we had agreed to give them a certain stake based on their investment. Now that we are carving out a few assets out of this structure GL, so would not the private equity need to be compensated something for the fact that we are carving out this asset? I mean how will this part work? I am not clear on that.

Grandhi Kiran Kumar: Basically the commercial understanding that we have arrived is that they have 18% in this portfolio where Tenaga is investing. That settles all the commitments with PE and nothing more than that.

Ashish Shah: So this 18% is the sum and substance of whatever transaction was existing with private equity. There is nothing residual to be paid to them nor outstanding stake in any other company or anything like that.

Grandhi Kiran Kumar: Nothing, yes.

Ashish Shah: Okay. So you said that the total corporate loan in the energy vertical was Rs. 2400 crores and out of which Rs. 2000 crores will be paid out by using this money and the remaining money will remain with GEL or the other power company which will have the other assets. I mean where will the residual power HOLDCO loan be?

Parag Parikh: As I mentioned to you, out of this Rs. 2400 crores of corporate debt substantial part of this debt will get reduced from the proceeds of Tenaga's investment and it will result into a net corporate debt anywhere in the range of close to Rs. 400 crores to Rs. 750 crores.

Ashish Shah: And that will reside with GEL, the entity where we will have 52%?

GBS Raju: That is correct.

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

Shankar: My key question is what are the key objectives of this Malaysian investor coming into this like does he plan to expand the portfolio, or he wants to increase the stake or what do you think would be the broader objective of this investor coming into both in India and particularly tying up strategic tie-up GMR?

Madhu Terdal: See Tenaga is not looking it as a simple investment in GMR. Tenaga has got a very good ambition of growth and since their opportunities in Malaysia per se were limited, they have chosen India as their next geographical area of growth and it may be good and I am very happy to say that Tenaga had done a sort of a due diligence after meeting a lot of corporates and having met all the corporates in India they chose GMR to be their strategic partner. And this due diligence went off for more than one year. Their objective is to look at the emerging opportunities in India in thermal, particularly in terms of renewable energy if you recall we have got approximately 2,000 MW plus of the pipeline of the renewable energy plus solar. So GMR and Tenaga will intend to grow in the energy sector more predominantly in the renewable energy sector.

Shankar: Just to take it forward from what Ashish was asking, now the Group Chairman said that in portfolio A which is carved out for this stake, the private equity investor will be having 18% stake eventually and the portfolio B be which are carved out and which is not part of the deal, are we trying to say there would not be any stake to private equity investors? That entire thing will be held by only us?

Grandhi Kiran Kumar: Yes, that is right.

Shankar: So the upside for private equity investors, because we have already given them around Rs. 1100 to Rs. 1200 crores in upscaling to GIL so far and now we are giving them implied something like another Rs. 1100-1200 crores value based on the same thing. So their upside will be whatever is the listing gains for GMR for this carved out assets.

Grandhi Kiran Kumar: I am not able to comment on that.

Shankar: So that was what the upside for private equity will be, right because we are not providing them either cash or in stake in anywhere else.

Madhu Terdal: These are the commercial terms agreed Shankar so I think it may be better to draw any conclusions. We cannot comment on that.

Shankar: Okay. Now for the Malaysian guy because within 5 years he has an option to take a stake either in Rajahmundry or in Chhattisgarh, so there, there can be additional consideration which will be valued separately.

Grandhi Kiran Kumar: Yes in understanding this at that point of time it will be valued in fair market value and will be invested.

Moderator: Next question is from the line of Dhaval Patel from Antique Stock Broking. Please go ahead.

Dhaval Patel: Has GMR infrastructure given any loans and advances or inter-corporate deposits to GMR Energy if at all then what is the quantum and when can that come back into infrastructure now that we have 52% there?

Madhu Terdal: Yes, there are a lot of cross-guarantees and cross-securities extended across GIL as well GEL. We are working out the arrangements with the lenders and that will be one of the CP, so we are very confident of sorting out this.

Rahul Patel: Sir secondly a part of the deals are the hydro assets which are going to come, so only Bajoli Holi is one which is under construction. Are there any timelines which we have given them as to when the other plants will come up?

Grandhi Kiran Kumar: See as of now the only hard commitment that we made is for Bajoli Holi. It is under construction. As far as the other hydro assets they are at a very early developmental stage. It will be too early to commit at this point of time.

Dhaval Patel: One question apart from the deal sir, when does the debt repayment for Chhattisgarh and Rajahmundry start, debt repayment and interest?

Madhu Terdal: We are working out separate arrangements with the lenders of Chhattisgarh so there is no immediate repayment in that. We have completed the COD for both the projects. We are in discussion with the lenders to get into 5x25 refinancing of these two so that the debt will be

extended. So we will get back to you on that sir because post COD we are doing a long tenure refinancing.

Dhaval Patel: And sir last question what is the timeline for the completion of Tenaga deal? We will have to carve out Chhattisgarh and Rajahmundry, give 18% to private equity. So is there a timeline that we have decided on?

Grandhi Kiran Kumar: Yes, so basically we have some CPs. Basically intention is to complete in next three months.

Moderator: Next question is from the line of Deepak Agarwal from Elara Capital. Please go ahead.

Deepak Agarwal: My first question is just to continue from the previous one, so when this portfolio A and B that you have created by virtue of this transaction, so now this portfolio B is directly under holding of GIL, there is no ownership of GEL in any of this portfolio B. Is that right?

Madhu Terdal: That is correct.

Deepak Agarwal: And the holding of GIL is 93.5% and not 100% in portfolio B?

Madhu Terdal: It is 100% through GIL, through other SPVs.

Deepak Agarwal: Actually then who owns this 93.5% like which you have mentioned in slide 4? So there were 2% which we knew was some other entity but what is this balanced 4% -

Manojkumar Singh: See this 93.5% right now it is in the GMR Energy Limited, this is prior to the Tenaga happening. Out of that thing, I mean earlier the private equity to the extent of 6.5% has converted into the equity. That was a portion of the CCPS which they were holding in the GMR Energy. So by virtue of this transaction this 93.5% will translate to 52%. Private equity will own 18% and the Tenaga will hold 30% and when we are doing a carve out there will be 100% which will be owned by the GMR Infrastructure. Those will be held for other assets.

Deepak Agarwal: Including the mining asset, so those mining and the two power plants are separate?

Grandhi Kiran Kumar: That is right.

Deepak Agarwal: My second question is on how much, like debt we are saying that it will be reduced by around Rs. 2000 crores, so an interest savings you mentioned about Rs. 250 crores but actually the holding company debt was at a much higher interest rate and this implies at just 12%. So are we underestimating the industry's interest savings of Rs. 250 crores or it should be like closer to Rs. 300 crores.

Madhu Terdal: Average is not more than 12%. It may be little bit here and there. It may vary from Rs. 200 to Rs. 250 crores depending upon which loans we chose to pay. But the average cost is around 12%.

Deepak Agarwal: My last question is can you comment on outside of this transaction what is the progress on the Chhattisgarh plant in terms of PPA like and how it is performing in terms of equipment certifications and all?

GBS Raju: We just achieved COD. Now we are bidding for long term PPA. Today we are operating at one unit, 680 MW. We are stabilizing the plant. The stabilization plant will take a little bit time. So once we do the stabilization plant and also we will be in the process of bidding for long term PPA. Hopefully in the next 8 to 10 months we will enter into long term PPA for the Chhattisgarh plant.

Deepak Agarwal: And one more question, like suppose tomorrow GIL decides to go for new assets in the power generation sector, so would it be necessarily has to route through GMR Energy or it can pursue on its own because you know potentially if two entities get listed then there could be conflict of interest in terms of who should pursue the power generation assets. Like if suppose there is a Brownfield expansion happens at Kamalanga or Warora in future, so does GEL have a right over that Brownfield expansion or the GIL?

Grandhi Kiran Kumar: It will be all done to GMR Energy Limited that is our understanding. If both the parties – GEL & Tenaga - decide not to pursue they may pursue independently but all the efforts are through GMR Energy. That is the partnership we have signed.

Moderator: Next question is from the line of Navin Jain from JM Financial. Please go ahead.

Navin Jain: I have a couple of questions. One is you mentioned that the investor will have a right to invest in Chhattisgarh as well as Rajahmundry project any time over the next 5 years, are there any predetermined milestones which if those are reached then probably the investments will be triggered?

Madhu Terdal: There are no particular conditions or criteria Navin. Basically as and when they feel fit and we dim fit we will enter into a negotiation and the valuation will be at a fair value.

Navin Jain: Secondly post this transaction at GMR Energy level do you envisage any further equity fund raising requirement let us say in the next 1 year or 2 years because let us say if your other hydro power project starts or comes under construction which are currently under development, would you need some investment and at that time what will be the avenues that will be explored?

Madhu Terdal: As our Chairman just explained except Bajoli Holi there are no immediate requirements, so we do not envisage any kind as a capital raising at this point of time.

GBS Raju: And for the Bajoli Holi also we have all the money that needs to be invested and we have cash flows and internal accruals to take care of the investment in next two years' time.

- Navin Jain:** Just an extension of this question, so we have been having an asset-light strategy for good part of last 3-4 years, with this transaction at least at GEL level would we start pursuing more opportunities in terms of newer projects or we continue to be asset-light and try to stabilize this project and look for cash flow generation from these projects to scale up before we look for more opportunities?
- GBS Raju:** We are not looking at any new projects at this point of time because today we are only focusing upon settling down the assets, making sure that all our assets are fully profitable, increase our EBITDA, increase our profit which we feel that in the next 12 to 18 months to 24 months that is our key focus we have not thought through any new projects at this point of time because we added very good capacity of projects and making sure that all these projects are operated in the best-in-class and also increase in EBITDA, making sure that we are making very good profit. That is where our current focus is. We have not thought through any new projects and we will get back maybe after couple of years' time to think of any new projects at that point of time.
- Navin Jain:** And if I can ask one more question, portfolio B assets which is Chhattisgarh and Rajahmundry are we free to negotiate with other players also, other investors also if we want to just in case we want to rope in investors other than Tenaga in those projects?
- Grandhi Kiran Kumar:** We are free to engage with any party, there is no restriction. However, we have as you said we give them the first chance to look with it. But we have a complete freedom to pursue with others.
- Moderator:** Next question is from the line of Abhishek Puri from Deutsche Bank. Please go ahead.
- Abhishek Puri:** Couple of points. Firstly, you said that debt that will be transferred in portfolio A is 9200 crores. What will be the debt for portfolio B in that case?
- Parag Parikh:** You are referring to the assets which are moving to the portfolio B which is primarily Chhattisgarh or Rajahmundry. As I mentioned Chhattisgarh is close to about 8000 crores, Rajahmundry is close to 3700 crores.
- Abhishek Puri:** And the Indonesian mine you said \$375 million. Can you give us the EBITDA and PAT for the portfolio A which is the operational one?
- Parag Parikh:** We are right now in the process of also getting into an annual audited financials and at this juncture therefore we would like to sort of leave that question out.
- Abhishek Puri:** In terms of the structure that you have had with Tenaga, do they have any right of first refusal to raise stake in GEL going forward?

Ashis Basu: Any new capital issue will be within the first right will be to contribute will be within the existing investor. So Tenaga, PE which will be becoming equity investors and GMR, any right of issue will be first within these up to 30%.

Abhishek Puri: And what is the reason why they did not bite into the Chhattisgarh and Rajahmundry project?

Grandhi Kiran Kumar: Basically they have just completed their COD recently and it is reaching stabilization phase. So once they reach stabilization they wanted to look at it after that.

Abhishek Puri: Are we waiting for the long term PPAs, is that the reason that they have not looked into it?

Grandhi Kiran Kumar: That is one of the factors, yes.

Abhishek Puri: Are there any guaranteed returns in these transactions to Tenaga?

Grandhi Kiran Kumar: No, there are no guaranteed returns, absolutely nothing. Its pure equity investment.

Moderator: Next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: My question was on the Bajoli Holi project, so would you be able to just give an update on where exactly are we there in that and when do we expect that project to be completed and what is the debt and the equity investment in that project?

GBS Raju: 35% progress has already been achieved in Bajoli Holi and are planning to commission the plant by August 2018.

Vibhor Singhal: And can I get the debt and equity number, I mean the total debt that would be there on the project and equity commitment.

Parag Parikh: At this juncture the estimated project cost upon completion will be in the tune of about Rs. 2300 crores and as we mentioned about 35% of work is over pro-rated debt and equity has been brought in.

Vibhor Singhal: So the debt equity would be around 70-30.

Parag Parikh: That is correct.

GBS Raju: Little bit on the Bajoli Holi there is a 26% equity being invested by Delhi International Airport. This is as a captive. That is already there as part of the investment plan because we will be selling power to Delhi International Airport.

Vibhor Singhal: Okay, so does it have a commitment of specific amount of power from -

GBS Raju: Yes, we have a PPA with Delhi Airport.



- Vibhor Singhal:** That would be for how much capacity?
- GBS Raju:** 51% of the capacity.
- Vibhor Singhal:** So basically about 90 MW?
- GBS Raju:** No, not 90 MW, billion units you are saying.
- Vibhor Singhal:** Yes, of course I mean equal to 90 MW in that sense. Sir my last question on the Tenaga overall deal per se. So now that they have 30% stake and 18% stake has been given to the other PE investors. So for the 30% stake that Tenaga has come into, is there a timeframe that we have committed for an IPO or some other format in which we will provide them an exit?
- Madhu Terdal:** The IPO will be done depending upon the needs and the appropriate time.
- Vibhor Singhal:** But there is no time commitment from our side.
- Madhu Terdal:** Generally we have taken almost about 5 years' time.
- Vibhor Singhal :** But just in the case of let us say the other two PEs that we had in GMR Airport and GMR Energy in which there was a guarantee tied, there is nothing like that in this case.
- Madhu Terdal:** Absolutely nothing.
- Moderator:** Next question is from the line of Rajarshi Maitra from Axis Capital. Please go ahead.
- Rajarshi:** Most of my questions have been answered. Just one thing, what are the further steps or any approvals, specific approvals that are required to conclude this deal if you can speak a bit about that.
- GBS Raju:** The major approval are only from the lenders which we were in the process of getting. From their side they need approval from their central bank, from the investor side, Tenaga side.
- Moderator:** The next question is from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Could we just revisit what would be the total holding company debt for GIL and GEL put together once this transaction is consumed, I mean after let us say repay Rs. 2000 crores how much debt will remain where in Holdco?
- Madhu Terdal:** Total consolidated corporate debt at GIL level will be around Rs. 6300 crores and GIL corporate debt will be around Rs. 3600. So approximately between Rs. 2400 and odd will be at the level of GEL. After Rs. 2000 crores of repayment this will come down. So the consolidated corporate debt will fall down to around Rs. 4300 crores.

Ashish Shah: Sir also in terms of the lenders approval the key approvals, but we are transferring Chhattisgarh plant to a new holding company. Now there are captive mines we have got in auctions along with the plant. So do we envisage any hindrance in that or you think that will not have any issue?

Ashis Basu: These mines are part of Chhattisgarh and these mines will remain as a part of Chhattisgarh. So as far as the regulatory aspect is concerned there is no issue. Otherwise from the lenders' side this remain 100% with GMR Infra. So from subsidiary of GMR Infra they move to under GMR Infra, there also we foresee no major concerns.

Ashish Shah: And sir the Rs. 6300 crores include the convertibles we issued and the long term bonds we issued in December, right, about Rs. 2000 odd crores?

Madhu Terdal: It is with the name of quasi equity so we are not rating this as a corporate debt because if you see the nature of the instrument it is almost like an equity. It is a 60-year non-callable bond.

Ashish Shah: Okay so that is a quasi-equity & treating it separate.

Moderator: Next question is from the line of Deepak Agarwal from Elara Capital. Please go ahead.

Deepak Agarwal: Gentlemen, I just have one follow-up question like I fail to understand like on one hand we are going on for serious deleveraging for last few years and on other hand we are progressing with a project Bajoli Holi at a project cost of around Rs. 12.5 crores per MW so does it really make commercial sense because the power would be horribly expensive for DIAL versus they source from the market at this level of project cost. So can you please explain the rationale for going ahead with such a high project cost?

GBS Raju: Today DIAL is having a power purchase agreement with the DISCOMS at Rs. 11. So that makes a huge economical viability on a captive basis and today if you see our project is at 220 MW it is not a 180 MW. At 220 MW a hydro project is in-line with other projects which are getting completed now at around Rs. 9 crores per MW.

Deepak Agarwal: Presentation mentions as 180 MW.

GBS Raju: 180 MW is the installed capacity but it has a peaking capacity of 220 MW and we will be operating in the peak summers which will be at 220 MW as continuous operations.

Deepak Agarwal: So basically you will come as an open access customer for this?

GBS Raju: It is almost Rs. 11 per unit we are paying to Delhi and to the Delhi Airport so it will be a huge saving for Delhi Airport and also for Bajoli Holi. Delhi Airport is paying to Discoms at Rs. 11. Investment into Bajoli is a huge savings.

Moderator: The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: Just had a quick follow-up on the debt numbers. We have received the money from the Kuwait Investment Authority Deal in our books or is that pending?

GBS Raju: No, everything has been received.

Vibhor Singhal: Sir if we have received that and basically what the presentation says is that our consolidated holding company debt at all levels is Rs. 6300 crores which excludes the Kuwait Investment Authority, debentures we call that as quasi equity. So if I include that then that means our standalone consolidated debt would actually be around Rs. 8300 crores.

Madhu Terdal: I mean of course if you had anything definitely it is a simple arithmetic but we should not believe because it is non-callable and this entire money has been used to repay certain debt. So it is not correct to add this and say that it is an additional debt.

Grandhi Kiran Kumar: It is long term, 60 years.

Vibhor Singhal: My question was actually in the sense that last year the corporate debt totally was Rs. 7000 crores and now after having paid back Rs. 2000 crores through this Kuwait Investment Authority Deal our debt has come back to almost Rs. 6500 crores levels itself. So I mean the standalone debt despite reduction by this deal is again back to the same level as it was last year.

Madhu Terdal: If you look at overall instead of say last two years back it was around Rs. 7000 to Rs. 7500 crores after this transaction it will come down to around Rs. 4000 crores. So the way in which you have to see that it has almost come down by 45% to 50% and this is in addition to operationalizing all our assets and servicing the interest it is still we have reduced in absolute terms more than 40% we have reduced.

Moderator: The next question is from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.

Subramaniam Yadav: Can you update on how much equity we need to put in Bajoli Holi this year and maybe anything in Chhattisgarh?

GBS Raju: No need to invest any amount in Chhattisgarh plant. Entire amount Rs. 3300 crores has been invested in Chhattisgarh, no need to invest any amount. And in Bajoli Holi we need to invest only around Rs. 45 crores for this year.

Subramaniam Yadav: And anything in the mine which we got through auction.

GBS Raju: No we do need to invest any equity in that mines which we already invested and one mine is already operational.

Subramaniam Yadav: So total equity commitment for the year would be roughly around Rs. 45 to Rs. 50 crores.

Moderator: Next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

Dheeresh Pathak: The Rs. 4000 crores of corporate debt and the interest on the FCCB, how are those being serviced? I mean which assets are providing the cash flows to service the interest on this debt?

Parag Parikh: I think what we tried to address a little while earlier also when the question was as far as the math of how the debt has got reduced. See when these proceeds have been raised they are enabling us to do both, servicing our overall debt obligation that is the corporate debt as well as the interest thereon and that is why I think the math was also not able to add in. We will continue to look at servicing the interest of the corporate loan from the existing operating assets. Similarly, I think time and again over the last six months you have seen that we have raised now almost more than Rs. 4000 crores as far as equity and equity like money is concerned. We will continue to do so and through these various strategic initiatives we would service and bring down the corporate debt.

Dheeresh Pathak: Can you just call out the operating assets because my sense is that you need about Rs. 600 crores of interest servicing on this corporate debt. Can you call out the main operating assets which are providing you these cash flows for you to service this interest?

Parag Parikh: I think this is across the various businesses, so as far as firstly you look at the energy vertical itself. The corporate debt substantially is brought down through this current transaction. The balance also will be serviceable through the existing underlining assets. If you look at the last two years, the significant focus has been to ensure that all assets get operationalized. Now with all assets getting operationalized along with some of the other initiatives that we just mentioned looking at terming out the repayments of these projects for a longer tenure, the cash flows into these underlining assets do get up-fronted and which enables us to support the corporate debt.

Moderator: Ladies & gentlemen that is the last question. I now hand the conference over to the management for their closing comments. Over to you sir.

Parag Parikh: I would thank everybody, each and everyone at your end who has taken the time out to join us on this analyst call. This has been a very significant milestone achievement for the group and in times to come this certainly enables the energy business which for the entire power segment out in India has its own share of challenges over the last 24 months. This does create a foundation for us to stabilize as well as pursue very select opportunities in times to come. Thank you everybody. Thank you very much on behalf of the management at our end.

Moderator: Thank you very much members of the management. Ladies & gentlemen on behalf of GMR Infrastructure Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

Note: Transcript has been edited to improve readability