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Sir

Transcript of Earnings Conference call on 10th February 2017

This has reference to our letter dated 8th February 2017 in connection with Earnings Conference Call on the un-audited financial results for the quarter and nine months ended 31st December 2016.

Please find enclose transcript of the aforesaid earnings conference call for your records.

The said transcript is all available on the website of the Company [www. Mblinfra.com](http://www.Mblinfra.com).

Please treat this as compliance with Regulations 30 and 47 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015.

Thanking you

For MBL Infrastructures Limited



(Ravindra Jain)

Company Secretary

Encl: a/a

MBL Infrastructures Ltd.

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**“MBL Infrastructures Limited Q3 FY 2017 Earnings
Conference Call”**

February 10, 2017



**MANAGEMENT: MR. ANJANEE KUMAR LAKHOTIA -- CHAIRMAN AND
MANAGING DIRECTOR, MBL INFRASTRUCTURES
LIMITED
MR. D.S. NEGI - CHIEF FINANCIAL OFFICER AND
HEAD (TREASURY), MBL INFRASTRUCTURES LIMITED
MR. RAVINDRA JAIN -- COMPANY SECRETARY, MBL
INFRASTRUCTURES LIMITED
MR. ANUBHAV MAHESHWARI -- COMPANY
SECRETARY IN SURATGARH BIKANER TOLL. ROAD
COMPANY PRIVATE LIMITED
MR. AMIYA PANDA – AGM (FINANCE AND
ACCOUNTS), MBL INFRASTRUCTURES LIMITED**



*MBL Infrastructures Limited
February 10, 2017*

Moderator: Ladies and gentlemen, good day and welcome to MBL Infrastructures Limited Q3 FY 2017 Earnings Conference Call. This conference may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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.

I now hand the conference over to Mr. Anjanee Kumar Lakhotia -- Chairman and Managing Director, thank you and over to you sir.

Anjanee Kumar Lakhotia: Good afternoon friends. Welcome to the Earnings Conference Call for quarter and nine months ended 31st December, 2016. I have with me Mr. D. S. Negi - CFO and Head (Treasury); Mr. Ravindra Jain -- Company Secretary; Mr. Anubhav Maheshwari -- Company Secretary, Bikaner-Suratgarh Bikaner Toll Road Company Private Limited; and Mr. Amiya Panda -- AGM (Finance and Accounts).

Let me start with highlights of the budget for the roads and highway sector and the Company in particular and then I will give an update on the Company's performance.

In the recently presented Union Budget provision of Rs. 2,41,000 crores for the transportation sector including railways, roads, shipping, etc. Allocation to NHAI has been increased from Rs. 58,000 crores to Rs. 64,000 crores. Further, 2,000 kilometer of roads for coastal connectivity have been identified for construction and development.

The Budget also proposes to introduce a mechanism to streamline institutional arrangement for the resolution of disputes in infrastructure related construction contracts, public private partnership projects and public utility contracts as an amendment to the Arbitration and Conciliation Act, 1996.

On the funding side, recently NHAI has raised a 30-year term loan of Rs. 8,500 crores at 7.2% interest rate from LIC. This is an addition to Rs. 10,000 crores raised through taxable bonds from EPFO and private placement to banks and financial institutions to the tune of Rs. 5,000 crores.

Apart from raising funds from banks and financial institutions, LIC and EPFO, the government has approved monetization of public funded operational National Highway projects which are generating toll revenue for at least two years after start of operations through the Toll Operate Transfer i.e. TOT model. There has also been a positive movement in terms of funding of projects, awarded under hybrid annuity model. Few banks and financial institutions have recently assured NHAI to pass their financing agreements with the developers.



Now let me update you on the order book as on 31st December, 2016. The total orders in hand stands at Rs. 62,435 million of which roads and highway sector is 86%; housing and buildings is 8%; and remaining 6% is railways, metro, and other infrastructure.

In the last nine months, the Company has won three significant hybrid annuity projects. One is four-laning of Chutmalpur - Ganeshpur; and Roorkee - Chutmalpur - Gagalheri section of National Highway Number 73 worth Rs. 9,420 million with first year O&M being Rs. 100 million. Another is 4 laning Gagalheri - Saharanpur - Yamunanagar section of National Highway Number 73 worth Rs. 11,840 million with first year O&M Rs. 100 million and the third being, four-laning of Tarsod - Fagne section of National Highway Number 6 worth Rs. 10,210 million with first year O&M Rs. 89.9 million. The third project is in joint venture where we have 51% stake.

We have been working as per the revised circumstances. We gave notice to MPRDC for two BOT projects at Seoni - Katangi Maharashtra Border Section of SH-54 and Garra - Waraseoni near Maharashtra border and raised claims for non-fulfillment of conditions precedence by them. In retaliation, MPRDC terminated these projects and we accounted for the exceptional loss of Rs. 2198 million during the second quarter. We have already initiated arbitration proceedings and are confident of having the arbitration awards in our favor. During the current quarter or rather in the fourth quarter one recently won HAM project which is six-laning of Greenfield Proposed Udaipur bypass has been surrendered by us.

As far as Udaipur bypass HAM project is concerned, the project is surrendered by the company on account of non-submission of full performance guarantees by the bankers and accordingly terminated by NHAI. The Company is executing other hybrid annuity projects for which performance guarantees have already been submitted. The financial closure for these project is expected very soon. The toll revenue was suspended for some time due to demonetization.

Currently we have six BOT projects of which two are operational, one is under construction and three are under implementation. The operational BOT projects of Seoni - Balaghat road and Waraseoni - Lalbarra section are in the state of Madhya Pradesh.

The toll revenue from Seoni - Balaghat - Rajegaon project for Q3 FY 2017 is Rs. 129 million. Revenue from Waraseoni - Lalbarra project for Q3 FY 2017 is Rs. 101 million, this project is on BOT toll and annuity basis. We will receive a semiannual annuity of Rs. 32.6 million over the concession period of 15 years and a right to collection of toll as well.

Bikaner - Suratgarh project which is under construction is expected to be commissioned by March 2017.

Moving on to the financial performance on standalone basis, in quarter three FY 2017, we had turnover of Rs. 5,644 million. The Company earned profit of Rs. 135 million for the period after tax. However, due to exceptional losses of Rs. 2,198 million, Company incurred cumulative loss



of Rs. 798 million for the nine months ended 31st December 2016 for a turnover of Rs. 16,492 million on standalone basis.

Now moving to the consolidated financial performance. The total turnover for Q3 FY 2017 was Rs. 5,668 million. The toll remained suspended for quite some time due to demonetization. The Company earned profit of Rs. 134 million for the period after-tax. However, due to exceptional losses of Rs. 2,198 million, Company incurred losses of Rs. 756 million for the nine month ended 31st December 2016 against a consolidated total revenue of Rs. 16,655 million.

On the balance sheet side, as on 31st December, 2016 the net worth of the Company is Rs. 6,449 million and we had cash and bank balances of Rs. 96 million. As on 31st December, 2016 the inventory is Rs. 6,078 million and trade receivable is Rs. 2,357 million. We expect to reduce the inventory further. The trade receivables are supposed to be slightly higher going forward.

Thank you very much. Now, I open the floor for question-and-answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We take our first question from the line of Adhidev Chatopadhyaya from Emkay Global. Please go ahead.

Adhidev Chatopadhyaya: Sir, firstly, just wanted to ask what is our unexecuted order book, the closing figure?

Anjaneer Kumar Lakhotia: It is around Rs. 4,000 crores, the exact figures I will share with you.

Adhidev Chatopadhyaya: Okay. Sir, of this Rs. 4,000 crores O&M would be how much approximately?

Anjaneer Kumar Lakhotia: It is around Rs. 400 crores.

Adhidev Chatopadhyaya: Rs. 400 crores. Sir, then out of this Rs. 4,000 crores, the balance three HAM what would be the value of that order within this Rs. 4,000 crores.

Anjaneer Kumar Lakhotia: It is Rs. 1,040 plus Rs. 825, plus Rs. 458.

Adhidev Chatopadhyaya: Rs. 825 plus Rs. 458, right?

Anjaneer Kumar Lakhotia: Yes.

Adhidev Chatopadhyaya: Okay.

Anjaneer Kumar Lakhotia: Rs. 2,250 approximately.

Adhidev Chatopadhyaya: Okay Rs. 2,250, right?

Anjaneer Kumar Lakhotia: Yes.



Adhidev Chatopadhyaya: Okay Sir, if you were to just update on the two HAM which you won earlier in March, April of 2016. So, what is the financial closure like when is it expected and when do you start...

Anjaneer Kumar Lakhotia: It is expected anytime of course well within 31st March, In-principal approvals have already been received by us and we are expecting the financial closure shortly.

Adhidev Chatopadhyaya: Okay. Sir, and the project which we surrendered, the bid we were putting was too aggressive or it is just a simple thing that you were not able to arrange the funds from banks?

Anjaneer Kumar Lakhotia: No, it is not like that. What we have done is, considering the changed circumstances the company has strategized, Like in the two BOT projects where we have given notices to MPRDC which was a strategy either they clear the front or we surrender the project. So, those two projects were terminated. Similarly, we found that we can get better pricing for the upcoming EPC and HAM projects rather than the Udaipur bypass and with the limited resources that we have, it was considered prudent that we do not go ahead with the Udaipur bypass so, the bankers of the company thought it as a strategy to surrender that project.

Adhidev Chatopadhyaya: Fine, sir Sir, next question could you give us the debtor number, I missed the numbers you mentioned. Overall what are the trade receivables?

Anjaneer Kumar Lakhotia: The debtors as on 31st December are short-term 51 days and we have long-term receivables of Rs. 695 crores and inventory is Rs. 135 days which is at Rs. 608 crores.

Adhidev Chatopadhyaya: Right. Sir, and what is the debt figure, standalone debt on the balance sheet?

Anjaneer Kumar Lakhotia: Standalone debt, short-term, it is Rs. 1,008 crores and long-term it is Rs. 135.8 crores then there is a current maturity of 33.05 crores. So, all put together Rs. 1,177.75 crores and on the consolidated basis we have Rs. 589.06 crores for the BOT projects debt so, that comes to Rs. 1,766.81 crores.

Adhidev Chatopadhyaya: Sir, if I am right from Rs. 900 crores this is almost going to Rs. 1,177 crores, right?

Anjaneer Kumar Lakhotia: Yes, that is correct. There has been corresponding decrease in the creditors and that is now standing at 40 days only.

Adhidev Chatopadhyaya: Okay. So, what is the reason for the debt going up, just wanted to understand.

Anjaneer Kumar Lakhotia: We have replaced the LCs and the credits by way of funding from bankers.

Adhidev Chatopadhyaya: Okay. So, that explains the reason for the rise in the interest cost quarter-on-quarter basis.

Anjaneer Kumar Lakhotia: Yes.



Adhidev Chatopadhyaya: Sir, then going forward what is the plan on our revenue guidance and on overall leverage for the next year, just more longer-term question.

Anjaneer Kumar Lakhotia: In the current year, we expect to close somewhere between Rs. 2,100 crores to Rs. 2,200 crores for the top-line with reduced amount of losses almost in similar trend which we have expected except the exceptional item. The profitability should be strengthened in the next year and the top-line we are expecting, the next year to be about Rs. 2,600 crores to Rs. 2,700 crores.

Adhidev Chatopadhyaya: Rs. 2,600 crores to Rs. 2,700 crores?

Anjaneer Kumar Lakhotia: Yes.

Adhidev Chatopadhyaya: Okay. Sir, why I am asking you all that is because last time we had pledge share and you said you will bring it down by March the entire thing.

Anjaneer Kumar Lakhotia: Yes, we are confident we will be able to clear the entire pledging by 31st March. In fact there is only now about Rs. 20.50 crores of loan against shares which we are going to pay. We will submit the disclosure about the de-pledging of the shares.

Adhidev Chatopadhyaya: Okay. Sir, then where do you see your debt for the next year, that is just the last part?

Anjaneer Kumar Lakhotia: We should be significantly be able to reduce our debt. In fact, we have talked to the bankers for a strategic one-time settlement foray where we may be allowed to convert approximately 45% of the debt to more than ten years of preferred debentures or something of that type instrument. We expect to bring the debt down sharply. As a second strategy, we may be bringing in some financial partner as well for HAM project. And thirdly we may divest our operational projects also. So, that may be a long-term strategy for deleveraging and maintaining proper cash flows for the Company. We have learned from the mistakes that we did during last nine months.

Moderator: Thank you. Next question is from the line of Rahul Shukla. Please go ahead.

Rahul Shukla: I had a query, regarding the projects being surrendered by the Company. So, one project we have surrendered and two was terminated by the MPRDC. So, I just wanted to know whether this will impact the image of the company for further projects from NHAI.

Anjaneer Kumar Lakhotia: No, as far as the awarding of further projects is concerned, it will have no impact. Of course, it has impacted us because there is an exceptional item of loss and for the first-time the Company has reported loss in the second quarter. Definitely, we have to be careful in future and the risk management has to be proper. We have learnt from our mistakes and this is one-time and we have adopted strategies in line with the current situation.

Rahul Shukla: Okay. And one more thing sir, our Suratgarh - Bikaner BOT project is getting delayed from quite a long time. So, earlier it was mentioned that it will get completed by September then it...



Anjanee Kumar Lakhotia: we are sure to start the toll operations within this financial year.

Rahul Shukla: So, just wanted to know the extension whatever we have missed out the period of concession. So, whether the concession period will also get extended by that much period or will lose those periods which we have missed out?

Anjanee Kumar Lakhotia: The authority has already granted extension for the construction period without penalty because it is for their reasons and on COD the concession agreement will also be extended.

Moderator: Thank you. We take the next question from the line of Kunal Shah, who is an Individual Investor. Please go ahead.

Kunal Shah: My question is more to do with de-leveraging the balance sheet and such huge amount of debt we have sir. In the first place, why it has taken so much of time for us to take actions of what you have told like probably divestment or probably bringing financial partners for HAM projects or having word with the bankers for converting the debt into long-term debt probably converting into equity sir, because if we go through our cash flows it was pretty much evident right that our operating cash flows are negative sir, so let the...

Anjanee Kumar Lakhotia: Operating cash flows are not negative. If you look at for the nine month our operating cash flows are very much positive. We have net cash generation from operations of Rs. 95.34 crores except the exceptional item. But due to investment in BOT projects the cash flows are negative. We are now divesting the BOT projects and inducting financial partners in HAM Projects. We are now in the correction mode. We do accept that we should have been planned in a much better way by infusing the finances and deleveraging the company. The image and the business plan of the company has suffered because of this delay. We have taken the corrective actions and now we have already started dialogs and there are talks of long-term investment into the company. We have started dialogs with the bankers also for de-leveraging the company and to improve the cash flows and de-leveraging by divesting the BOT project of the company also. Our model will be, we will keep on taking the hybrid annuity projects and on completion selling them off to pension funds or the long-term TOT operators and all those people.

Kunal Shah: Sir, second thing is how soon do we expect these things to happen? I mean the dialogs and everything is on but you might have a certain timeframe in mind right so, how soon do we expect...

Anjanee Kumar Lakhotia: We are not going to hurry these things much. We are more conscious about the new projects and will increase the order book only after this exercise. Of course, whatever projects we have bid, they are awarded are good and we will keep on accepting them because they have been bid at a better rate than what we have right now. And with this consolidation the order book will give a lot of opportunities. We are not setting any firm timeline. We expect in two quarters time we should be able to do a lot of de-leveraging.



Kunal Shah: Sir, one last question is sir, with all these things happening around or probably will happen around because of de-leveraging, do we see further dilution of equity happening because it is like promoter shareholding in any which ways is very less in terms of what it used to be earlier and going by what you are saying that you will obviously de-pledge the shares by March or probably by April or May, June, right sir? So, do we expect a further dilution of equity happening because eventually if dilution of equity happens, it will happen for all the shareholders. So, do we expect something on that lines, because of de-leveraging thing which we have to do there will be further dilution of equity because I hope some strategic financial partner coming in for long-term or conversion of debt or whatever.

Anjaneer Kumar Lakhotia: No, we are talking to our merchant bankers: how the promoters can increase their stake. We are looking at various options available to us. You see, when we were two promoters my holding was 24% and I was managing the company. After acquisition it went to 48% I will definitely be humble and say, it was a mistake from which I am learning, the promoter's holding has gone down to 31 point odd percent. Now, definitely I would like to keep my holding at 51%. I am talking to the merchant banker on the ways and means to increase the promoter's stake holding.

Moderator: Thank you. We take the next question from the line of Tanmay Roy from Mind LinkedIn. Please go ahead.

Tanmay Roy: So, my first question to you sir, out of that unexecuted order book what is the current order book for our EPC projects?

Anjaneer Kumar Lakhotia: Your voice is cracking a bit, could you be more clear please?

Tanmay Roy: Sir, what I am asking is what is our current order book for EPC projects?

Anjaneer Kumar Lakhotia: For?

Tanmay Roy: EPC projects

Anjaneer Kumar Lakhotia: It is about Rs. 1,750 crores for the EPC projects.

Tanmay Roy: Okay. So, are you trying to bid aggressively in that area because you have said earlier EPC project growth will be coming around 25% to 35% from your last interview in September 14th, 2016?

Anjaneer Kumar Lakhotia: No, we will keep on doing a lot of EPC projects. There are lot of EPC projects being ordered by NHAI, MoRTH, and ADB, and World Bank funded project. We will keep on growing, I was talking of the hybrid annuity model or the BOT model. These we will keep on taking, executing and then selling them off. So, that will be the model going forward, so that we de-leverage.



- Tanmay Roy:** Okay. Sir, the next question is sir, in terms of margins, because you were saying we will be able to reach the margin of around like 12% to 14% over a period of time. So, where do you see the company reaching around that margins in the near-term ?
- Anjaneer Kumar Lakhoria:** Unfortunately during the financial year due to exceptional item the margins are on the hit. But the guidance continues and we expect that we should be targeting 12% to 14% in the next couple of years.
- Tanmay Roy:** Okay. And sir, my next question is on the toll revenue which you have lost due to demonetization, so are you saying that we are going to get those revenues back and we will be able to collect more tolls in the near quarters?
- Anjaneer Kumar Lakhoria:** Yes, there are clear written orders from the authorities and we would be compensated for that loss. But of course, we have not accounted for that in our current quarters financial. We will account for them as and when we receive them.
- Tanmay Roy:** Okay. So in some other quarter those revenues will come.
- Anjaneer Kumar Lakhoria:** Yes. That is why you might have seen profitability on the BOT front has reduced because of this aspect.
- Tanmay Roy:** Okay. And next question is sir, most of the people have already asked this, promoter shareholding which is down drastically to 31%.
- Anjaneer Kumar Lakhoria:** We are trying to find the ways and means of increasing the promoter shareholding and of course I was comfortable in running the company even when I was having 24%. But then of course, going forward I would like to have it 51%.
- Tanmay Roy:** Okay. And when we can expect this like, is there any timeline which you have set in your mind?
- Anjaneer Kumar Lakhoria:** Let us not have a time line for that. Let us look at the opportunities and accordingly strengthening the promoters holding.
- Tanmay Roy:** Okay. And sir, do you have sufficient amount of availability of funds for de-pledging of these shares which has been pledged so far?
- Anjaneer Kumar Lakhoria:** Yes, slowly and gradually. You see the promoters' shareholding was pledged for the benefit of the company and only the company availed of the loans not the promoter himself. So, slowly and gradually out of the income from operations, or the cash flows from operations we are paying that off and definitely this is something we would not like to resort to again in future, we have learned a bitter lesson out of that.



- Tanmay Roy:** Okay, fine. Sir, the BOT project got terminated by the authority so, the loss which we have incurred due to that, are you going to get a tax benefit out of it or how are you going to get that money back to our balance sheet. So, what is the plan for that?
- Anjaneer Kumar Lakhotia:** Yes, tax benefit of course out of the losses we will get. So, during the year we will have no effective income tax, what we have provisioning of deferred tax because that is what we have to do as per the accounting standard. The benefit will also accrue to us in the next year. So, next year also the effective tax rate will be much lesser compare to what we had historical
- Tanmay Roy:** Okay And sir, for the debt which is getting increased to our balance sheet that is what you said that we will be searching out for options whether you can go for the long-term equity options for that?
- Anjaneer Kumar Lakhotia:** Yes, we are looking at those options.
- Moderator:** Thank you. We take the next question from the line of Tarang Agarwal, who is an Individual Investor. Please go ahead.
- Tarang Agarwal:** Sir, I have a couple of questions. The first one is that given that the two projects that have been terminated by MPRDC were in conjunction with another two operational projects by the same issuing authority. Will it impede our ability to receive revenue on the other two projects?
- Anjaneer Kumar Lakhotia:** The answer is no. It has no connection with that. These projects were terminated by MPRDC because we issued them notices for claims and they were not able to complete the conditions precedence. So, the termination was a result of that.
- Tarang Agarwal:** Okay. Sir, has there been any further traction in terms of receiving the arbitration award?
- Anjaneer Kumar Lakhotia:** Yes. One arbitration award from MPRDC, long back of course, there was a small project...
- Tarang Agarwal:** Rs. 6.5 crores, I guess.
- Anjaneer Kumar Lakhotia:** Which was terminated and we had an arbitration award of Rs. 6.93 crores now current value is around Rs. 20 crores we expect to receive within this financial year.
- Tarang Agarwal:** Okay. And nothing to do with the two recently terminated projects, right?
- Anjaneer Kumar Lakhotia:** No, that will take some time.
- Tarang Agarwal:** Okay, sir. Sir, further to that, as has been discussed there were talks about MBL raising approximately Rs. 300 crores via mezzanine funding through Piramal Group. Is there any basis to that story or just wanted to get a light on that?



Anjanee Kumar Lakhotia: It is a fact that we have been discussing not only with Piramal but with several reputed names. We will like to announce that, only when we have received the funds or we have signed that definitive agreements. We have received several offers, we are evaluating them and as and when we receive the funds we will announce.

Tarang Agarwal: Okay, sir. Sir, again, this has been a question which everyone has been hinging upon, while I understand that you are confident to raise your stake in the future. However, there are just side questions that I had, from Q2 2017, our promoter holding has reduced from 37.45% to 31.03% as on 31st December, 2016. So, has this reduction been on account of invocation only?

Anjanee Kumar Lakhotia: Yes, this has been only on account of invocation. The promoters had not sold any single share.

Tarang Agarwal: Okay. So, given that it is on account of invocation, so to that extent we would have retired quite a lot of debt, right?

Anjanee Kumar Lakhotia: Very correct.

Tarang Agarwal: How much would that amount be?

Anjanee Kumar Lakhotia: That was Rs. 69 crores; the loan against shares have been reduced to Rs. 20 crores.

Tarang Agarwal: So, we have retired Rs. 49 crores?

Anjanee Kumar Lakhotia: Yes.

Tarang Agarwal: Great. Sir, what is the long-term debt-equity ratio of the Company currently?

Anjanee Kumar Lakhotia: Currently on the standalone, we have Rs. 135.80 crores of long-term loans and on the BOT side, we have another Rs. 559 crores. So, the long-term leveraging is quite low for the Company. In the short-term for the working capital requirement, the borrowing is Rs. 1,008.90 crores and we are targeting to reduce that short-term borrowing by the way and means that I discussed.

Tarang Agarwal: Okay. Sir, a couple of other questions. Sir, with respect to the Udaipur bypass HAM project, if I am correct the value of the project was Rs. 779 crores?

Anjanee Kumar Lakhotia: Yes.

Tarang Agarwal: The investor presentation for December 2016 states that the order book is at Rs. 6,941.53 crores and investor presentation for January 2017 states that order book is for Rs. 6,243.52 crores.

Anjanee Kumar Lakhotia: Correct.

Tarang Agarwal: The difference in these two, amounts to Rs. 701.61 crores. But the project was for Rs. 779 crores, am I missing something here or why is there a difference of Rs. 77 crores?



Anjanee Kumar Lakhotia: Out of the order book, we have to add the new received orders and we have to delete the completed as well as the terminated projects. The reconciliation we can share.

Tarang Agarwal: Who am I supposed to get in touch with for this reconciliation?

Anjanee Kumar Lakhotia: Anubhav Maheshwari here and Ravindra Jain.

Tarang Agarwal: Okay, sir, I will get in touch with them. Sir, last question, this is purely from my observation. I have just noticed that from 28th December, 2015 till date we notice that quarter-on-quarter there are some of the other changes in the key management personnel for MBL whether in the designation of CFO or CS. For example, from Q3 2016 till date CFO's designation has been shuffled four times and CS's designation twice, any specific reasons for these?

Anjanee Kumar Lakhotia: No, we always try to strengthen our management and in that effort, we have inducted some ex-employees of the Company but later on we found that decisions were not up to the mark so, those changes have been there. The CFO and CS of the Company have been employees with the Company for long.

Tarang Agarwal: So, are we expecting any changes in the future?

Anjanee Kumar Lakhotia: No, we should not expect the going away of these personnel, we can always look at additions or internal transfers at senior management or key personnel management.

Tarang Agarwal: Okay, sir. And sir, is there any traction on the inland waterways, are we pitching for projects? Are there any options available?

Anjanee Kumar Lakhotia: Yes, there should be options available shortly.

Tarang Agarwal: Okay, thank you, sir. I will get in touch with Mr. Jain and Mr. Maheshwari for the reconciliation.

Moderator: Thank you. Next question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: Sir, I am revisiting our deleverage plan again. So, when you say that you are planning to replace your long-term debt. Are you talking about any schemes like S4A in specific?

Anjanee Kumar Lakhotia: Yes, we are exploring all the options including S4A also and it is 3-Tier strategy: one is of this option, secondly, selling our operational BOT projects and thirdly is also getting financial partner for the HAM project. So, by this 3-tiers strategy we expect to de-leverage ourselves.

Harsh Shah: So, when you talk about getting financial partners, you mean, to make them equity holders in your projects?



Anjaneer Kumar Lakhotia: They may be equity holder in the MBL Projects Limited, the BOT arm subsidiary of the Company. We are in discussion and as and when the things materialize we will make the announcement.

Harsh Shah: Okay. And you are talking about mezzanine funding from Piramal Group to the tune of Rs. 300 crores, so is it...

Anjaneer Kumar Lakhotia: I am not naming any specific party for the time being, We are talking to several people on that account. And as soon as the fund are inducted in the company we will make the announcement.

Harsh Shah: Fair enough. And coming to your Bikaner - Suratgarh project which is a key project for you. Sir, have you done any homework as to what can be the toll revenue that you might clock in your first year of operation or on a three-years to four years where it can be?

Anjaneer Kumar Lakhotia: Yes. The toll plazas mostly has been constructed and we did our traffic study recently. So, we reconfirmed our traffic projection and they are very encouraging. They are better than what we had discussed at the time of financial closure. We expect that the toll revenue will be better than what we had projected at the time of financial closure.

Harsh Shah: Sir, can you give out any number as of now?

Anjaneer Kumar Lakhotia: I would not like to give this futuristic revenue projection but definitely I can confirm that they are better when we had at the time of the financial closure.

Harsh Shah: And just one last question, from where we are standing now is there anything that can still go for the company or any overhangs that can cause any harm to the company?

Anjaneer Kumar Lakhotia: You see, risks are many and we have learnt from our mistakes - the worst scenario the company had passed it very successfully but unfortunately in some of the areas I think we should have a better far sight particularly with respect to what happened with the loan against shares or the two terminated BOT projects or one surrendered project. I think going forward we will have a better risk management and this surprises should be much-much lesser going forward.

Moderator: Thank you. Next question is from the line of Kunal Shah, Individual Investor. Please go ahead.

Kunal Shah: So, one thing which I missed out asking you is how are our cash flows looking presently in the sense that we have increased our short-term funding, so just in case if you are not able to raise funding again at the right time. I mean how much cash do we have to meet our future commitments for how long? I mean just in case if you are not able to restructure the debt or probably for some reason or the other reason, how long...

Anjaneer Kumar Lakhotia: We have learned from our mistakes and we need not to be desperate for our different strategies. We will work in a very natural, calm and composed manner in the three-tier strategy which I



have discussed with you and I am sure, with the net cash generated from operations and with these strategies, I do not think we need to have much to worry.

Kunal Shah: So, just to understand properly, the cash which we will be generating from operations will be sufficient enough to service our interest component as well as the principle component which becomes due over a period of time?

Anjanee Kumar Lakhotia: Yes.

Moderator: Thank you. We take the next question from the line of Raj Kiran, who is an Individual Investor. Please go ahead.

Raj Kiran: Basically I have a couple of questions, one is if you see this quarter the finance cost that is something around Rs. 54 crores; last quarter it was Rs. 28 crores and the Y-o-Y it was Rs. 33 crores. So, I mean can you just point like why it was almost double Q-on-Q?

Anjanee Kumar Lakhotia: Yes, that is the point of worry and that is why I have submitted that we should have a better far sight and of course, we have taken the measures so, that these costs we can curtail in future.

Raj Kiran: I mean this is because of new loans or rates being increased for the loans?

Anjanee Kumar Lakhotia: Rates have not increased for the loans. It is because of the enhanced working capital utilized by us and also the bank guarantee commissions and also because of payment to creditors have decreased and the working capital borrowings have increased.

Raj Kiran: Yes, the second thing in the current quarter, if we see the other expenses those have come down to Rs. 11 crores from Q-on-Q Rs. 24 crores and Y-o-Y Rs. 34 crores so, there is big difference of Rs. 23 crores Y-o-Y, I mean any extra measures that we have taken to reduce the other expenses?

Anjanee Kumar Lakhotia: No, there is no extra measures, it is only classification of the different expenditures. I do not see a major deviation.

Raj Kiran: No, because if you observe it is a Rs. 23 crores difference within your Y-o-Y.

Anjanee Kumar Lakhotia: The material, labor and these other expenses, vary from project-to-project at different stages. The current stage of the contract where we are in, in fact, right now we have about 25 projects of which more than half are at 95% completion stage. So, we will be completing those projects and going forward we will try to have lesser number of projects and larger ticket size projects. So, it will be strategy by way of which we will be working. So, these other expenses, cost of material and direct labor and all basically the percentage keep on changing according to the stage of the project and particular contract.



- Raj Kiran:** Okay. The last thing is like if you observe like last quarter we have invocation from the banks may be rightly sold in those markets for the pledge share. So, you think there are chances coming ahead to the remaining pledge share?
- Anjaneer Kumar Lakhotia:** We have only Rs. 20 crores of remaining pledge share and by 31st March we will have zero pledge.
- Moderator:** Thank you. We take the next question from the line of Rahul Shukla from MBL Infra. Please go ahead.
- Rahul Shukla:** I missed out in my last query that in the similar case just like finance cost our other income has also increased on standalone basis from Rs. 4 crores to Rs. 10 crores, so just wanted to know what income it comprise of, if you could help us with.
- Anjaneer Kumar Lakhotia:** The other income is because of the impact of IndAS. The reconciliation between that can be shared.
- Rahul Shukla:** Okay. So, who will be the person should I contact with?
- Anjaneer Kumar Lakhotia:** Mr. Amiya Panda or Mr. Anubhav Maheshwari or Mr. Ravindra Jain should be the right person.
- Moderator:** Thank you. Next question is from the line of Tarang Agarwal, who is an Individual Investor. Please go ahead.
- Tarang Agarwal:** Sir, approximately what is the amount of subsidy that we are expecting from the government for suspension of toll rights during the demonetization period?
- Anjaneer Kumar Lakhotia:** The exact figures we have not worked out.
- Tarang Agarwal:** Approx.
- Anjaneer Kumar Lakhotia:** Well those figures are not handy with me, because what we have accounted for the toll on cash basis. I will ask my finance team to work the exact amount and you can talk to them and they will confirm the figures to you.
- Tarang Agarwal:** Mr. Jain or Mr. Maheshwari, right?
- Anjaneer Kumar Lakhotia:** Yes.
- Tarang Agarwal:** Okay. Sir, again I am just repeating my question because I did not get it quite clearly, what is the existing long-term debt-equity ratio of the Company?
- Anjaneer Kumar Lakhotia:** The debt-equity ratio you can very well calculate, the long-term debt is on standalone basis Rs. 135.80 crores and on console we have to add Rs. 589.06 crores.



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Tarang Agarwal: So, Rs. 589.06 crores plus Rs. 135.80 crores, correct?

Anjanee Kumar Lakhota: Yes.

Moderator: Thank you. Well, that was the last question. I now hand the floor over to the Mr. Anjanee Kumar Lakhota for his closing comments, over to you.

Anjanee Kumar Lakhota: We thank everyone for participation in Earnings Call. We have uploaded the investor presentation on the Company's website. Thank you very much for the participation.

Moderator: Thank you. Ladies and gentlemen, on behalf of MBL Infrastructures Limited, that concludes this conference. Thank you for joining. You may now disconnect your lines.