



“Business Update Conference Call with Mazagon Dock
Shipbuilders Limited Hosted by ICICI Securities”

August 26, 2021



ANALYST:

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MANAGEMENT:

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Moderator: Ladies and gentlemen, good day and welcome to the Business Update Conference Call with Mazagon Dock Shipbuilders Limited hosted by ICICI Securities Limited. 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 this conference is being recorded. I now hand the conference over to Mr. Abhijit Mitra from ICICI Securities Limited. Thank you and over to you Mr. Mitra!

Abhijit Mitra: Thanks operator. Good afternoon to all the participants and thanks for joining in. We have with us today, Vice Admiral Narayan Prasad, Indian Navy Retired, Chairman and Managing Director of Mazagon Docks and Mr. Sanjeev Singhal, Director (Finance) of Mazagon Docks to discuss and give us the update on the same. Without further ado, I hand it over to CMD for his opening remarks. Over to you Sir!

Narayan Prasad: Thank you very much. A very vibrant good afternoon to all of you. It is indeed a matter of great honor, pride and privilege for me to welcome you all to present the credentials of Mazagon Dock Shipbuilders Limited.

As you are aware Mazagon Dock Shipbuilders Limited is the oldest shipyard in India with inception in 1774, incorporation in 1934, and taken over by the Government of India in 1960. MDL is the only shipyard in India to have built destroyers and two different types of submarines for the Indian Navy and it is also one of the unique shipyards in the world with such diverse range of products. From the time, it was taken over by the Government of India in 1960, MDL has built around 796 vessels including 25 warships, and 5 submarines.

The first warship built by MDL dates back to 1972, INS NILGIRI and the first submarine in 1992, which demonstrates our resolve towards Atmanirbhar Bharat and Make in India initiatives since that time.

MDL’s recent deliveries are the three number P-15A Alpha destroyers and they are called in Indian Navy as INS Kolkata, INS Kochi and INS Chennai and they were all delivered in 2014, 2015 and 2016, besides we have also delivered three Scorpène class submarines, last being in March this year.

MDL has completed modernization and upgradation of its complete infrastructure and facilities to world class standards with Virtual Reality Lab, Product Data Management, Product Lifecycle Management, Modular Integrated Construction, which enables us the capability and capacity to construct and repair 10 captive warships and 11 submarines simultaneously.

MDL presently has a robust order book of roughly around Rs. 48600 Crores. This comprises essentially of construction of 4 in number project 15 Bravo destroyers, 4 in number projects 17



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Alpha stealth frigates and 6 in number Scorpène submarines, three of which have already been delivered and the fourth one is slated to be delivered by end of this year besides medium refit and life certification of a submarine is also planned.

We have a very strong future outlook as for the maritime capability perspective plan for Indian Navy and the Coast Guard, which essentially comprises of, we have already submitted bids for about Rs.500 Crores for 8 in number fast patrol vessels, besides in the midterm range, we have a likelihood of bid submission for almost about Rs. 35,000 Crores which essentially comprises of 11 in number next generation offshore patrol vessels, where we are submitting the bids by end of this month, which is August 28, it is pegged at about Rs. 10,000 Crores and others are 7 next generation corvettes, some high-speed landing craft, and other vessels.

While the response to RFPs amounting to Rs.500 Crores have already been submitted. RFPs and the rest of the Rs. 35,000 Crores are expected in horizon of next two to three years. MDL has a plan for diversification of revenue stream into export and I am glad to report that on the export front, RFP of about Rs. 6000 Crores are being pursued, which essentially comprises of offshore patrol vessels for Argentina Coast Guard, Floating dry dock for Suez Canal Authorities and corvettes for Phillipine Navy.

Certain big ticket items which we are looking for which is making a big news is one, MDL being the only shipbuilder to have built conventional submarines are a very, very strong contender for building 6 in number P 75I conventional submarines with Air Independent Propulsion system which is estimated about Rs. 43,000 Crores and also we are bidding in the next about five years for construction of 5 in number next generation destroyer, which is estimated at Rs. 50,000 Crores.

With this, I would request my Director Finance to give you some introductory performance of the financial figures and then we will entertain the question.

Sanjeev Singhal:

Good afternoon everybody. Thank you CMD Sir. CMD has already given you the entire brief of Mazagon Dock Shipbuilders Limited right from inception till the position as of today. The financial results for Q1 have already been declared and I am sure the investors must have seen it. In spite of COVID, the performance for Q1 has been fairly encouraging and we believe we have been able to come out of the COVID shadow although the production was impacted for a couple of days including the nonavailability of the industrial oxygen, which also had an impact on the production. Moving ahead, we look forward to any clarifications, which the investor's community seeks. So we can just open the question-and-answer session. Over to you, Abhijit!

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Bhagyesh Kagalkar from HDFC Mutual Fund. Please go ahead.



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Bhagyesh Kagalkar: Sir, can you explain to us what is happening on the P 75I front because previous reports sometime say one country is not keen to participate in the tender at this price, so what is the ongoing situation and when will the final order come?

Narayan Prasad: I will take this question. As you are aware the RFP for construction of 6 in number P 75I conventional submarines fitted with AIP was taken out of 20th of last month and the bid submission date is about November 9, 2021 and there is a prebid meeting on September 21, 2021. It is a very large value project but with a very small timeline for submission of bid, which is just about three months and 19 days. So, we are altogether bracing up to organize ourselves and submit the bids in time, but as you are aware there are some tell-tale signs which are coming, that as you are aware that there are five OEMs were supposed to be collaborating in the construction of these submarines and essentially three are European OEM, one is Russian one, one is a South Korean. DSME South Korea, Rubin or the ROE is from Russia and we have Nevantia, Spain, TKMS, Germany and Naval Group, France. As we understand, the RFP necessitates that the nation should already have or the company should already have a technology to transfer but before that, they should have a submarine which is fitted with this particular system or under fitment and by the time, we have about April or May of 2022 they should be able to demonstrate this product to the visiting field evaluation team of the Indian Navy and the shipyard and the Ministry of Defence. Now that is where certain amount of issues are coming that some of them are at the mid stage of development of this Air Independent Propulsion technology so as we understand based on the preliminary inputs which are available because they also have not come very neat and clean as to what is the status of their technology. We are all waiting for a favorable answer that they should all respond and accordingly we will take this further call as to how do we align with which OEM and we will try and submit our bids in time.

Bhagyesh Kagalkar: Thanks.

Moderator: Thank you. The next question is from the line of Umesh Raut from Dolat Capital Markets Private Limited. Please go ahead.

Umesh Raut: Good afternoon. First of all, congratulations for the good operating performance in the first quarter. Sir, carrying on to previous questions, basically we are already developing one submarine project and we have already delivered some of the few submarines out of that project to the Indian Navy, so that was also transfer of technology basis with DSMS Naval Group of France. So, in addition to that particular project what kind of new technology you are pursuing with the help of new collaboration with Scorpène OEM?

Narayan Prasad: The Scorpène submarines which are presently under construction in collaboration with Naval Group France right now, are conventional submarines under Project P-75 and what is being sought under the new program which is called P 75I that is P 75 India is they should have additionally two different elements. One, they should have Air Independent Propulsion system,



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this means conventional systems of submarine propulsion in addition to that there is additional plug of about 7 meters to 8 meters which gets attached with the hull which gives you additional submerged endurance and as you are aware the longer duration that the submarine is submerged that is the kind of deterrence it is able to create. So, we have all the nations of the world who operate their navies they all are trying to find out a solution for this particular thing, so even you have a conventional submarines, which are largely run on batteries and batteries have to be charged or else, you also have a nuclear propulsion submarine, which has got its own initial cost implication and a difficult technology to obtain. Now in between you have this Air Independent Propulsion system largely fuel cell based which can give you additional, submerged endurance, it can remain dived in the water before surfacing to charge your battery for a far longer duration and that is what we are looking for. In addition, we also have a conventional lead acid batteries, which are fitted in the submarines which gets charged and these batteries in turn run the motor propulsion motor for main propulsion. Now these batteries required are higher scaled batteries with good density of power is a lithium ion battery and we want induction of both these technology in the Project 751 and that is how it is different than the Scorpène submarine that we are building. In the whole bargain, its displacement, its length, and the diameter all undergo certain amount of change.

Umesh Raut: Sir, if I recall correctly from some of the media news DRDO is also kind of developing this particular technology with some of the domestic players like Thermax so would that be a similar technology or that is a different version?

Narayan Prasad: The one which is under development in DRDO which is NMRL Ambernath it is again a fuel cell based technology and what is being talked about as a contemporary technology all over the world, is fuel cell based Air Independent Propulsion system and there are a lot of countries who are into this particular thing and there are a few number of companies who have made a foray into this one, now as what we understand from the media and I am also talking out from the media itself that the land version trial through the DRDO route has been a success story and they will now try to get into more maritized and ruggedised version trial and productionization which will have a definite amount of time in which it will get developed.

Umesh Raut: Sir, second question is related to the export. You have mentioned in your opening remarks that you are bidding for one of the major projects in Argentina, so basically wanted to know who would be the prospective competitors for us in those markets or in those kinds of projects and how should we look at the profitability considering that those projects are on the competitive bidding?

Narayan Prasad: As you are aware, the environment in shipbuilding is far, far more conducive to countries like South Korea, Japan and China because they have got a huge amount of Government subsidy, both power subsidy, land subsidy and they have got a huge backup from the Government on financing and should there are any LD clause or delays or cancellation of order, there are lot of



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backing elements which are available out there. So, these kinds of things have just about being thought about in the National Maritime vision to support the shipbuilding yards out here. So, these three countries that we are targeting right now, one is a floating dry dock for Suez Canal, roughly at about Rs. 600 Crores to Rs. 700 Crores, which is going to operate in the Suez Canal. There is a Bulgarian Company who needs this particular thing and they want to get it built through the MDL. Now they find that the MDL work culture and the prices are also quite competitive. Similarly, which Argentinean Coast Guard could get lots of offers from the European shipbuilders but suffice it to discuss it with you that when it comes to pricing we are also competitive. We have some input that when a similar kind of a vessel gets built in US through their own shipyard, how much it costs and a similar kind of a thing when it gets built in India, what would be the costing. You will be surprised to find out that I have worked in one particular project I would say in that a vessel such as a patrol vessel of a similar kind as in equipment fit and a weapon fit and the length, dimensions and everything almost cost 2.5 to 3 times the Indian cost to build in those countries. So, we find that it is a very, very favorable situation, but when it comes to China, they would do it even better than us and we are trying to brace ourselves to see how we can compete with them.

Sanjeev Singhal:

I would slightly supplement it that as far as the export market is concerned, although MDL was in exports in a significant manner couple of years back, but since our order books were full with the naval orders we have not tapped the export market for quite some time. So, right now the predominant thinking and factor which is most important is to reestablish our presence in the export market and to rollout some products whereby MDL's name is visible that yes MDL is into exports. So the primary consideration that would be guiding us right now would not be the profits, but would be to establish a presence in the export market.

Narayan Prasad:

You also must be aware, that since the takeover by the Government of India in 1960, we have built around 796 vessels. Now out of these there are 631 commercial vessels, which essentially comprise of cargo ships, supplier vessels to water tankers, tugs, dredgers, fishing trawlers, offshore platforms, process platforms, and jack-up rigs and you would be very glad to hear that out of these 631, 243 vessels were exported to Mexico, France, UK, Iran, Yemen and Mozambique and our last exports have been in 2014, 2015 and 2016 of two multipurpose support vessels to Mexico.

Umesh Raut:

That was very much helpful. Sir, my last question is on execution. Basically, we have faced some lockdown issues or supply chain issues in the first quarter, so just wanted to know from you how are the operational updates right now and if there are no further disruptions coming in from the pandemic then what kind of execution we should look at FY2022 full year?

Sanjeev Singhal:

As far as the operations are concerned, operations are near normal, but with respect to the turnover we would target somewhere close to the figures achieved in 2019-2020. That would be on account of the various stages of the ships, like with respect to submarines we are almost



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operating at 90% plus right now, the completion. So, very little job remains to be done which is to be accomplished, the progress and the financial booking, revenue booking is going to be considerably on the lower side. With respect to Project-17 Alpha also it is in the comparatively initial stages, so considering the S curve, the revenue booking is not going to be significantly high during the current year, 15 Bravo of course would be on a consistent basis. So, we are looking at figures close to 2019-2020. Going ahead with 17-Alpha picking up the rising slope of the S curve, going ahead next year onwards, we expect the revenues to pickup in a decent manner.

- Umesh Raut:** Thank you so much Sir. I will join back the queue.
- Moderator:** Thank you. The next question is from the line of Venkatesh Subramanian from Logitree Investment Advisers Private Limited.
- Venkatesh S:** Good evening. I have two questions Sir again on the execution part, if FY2022 sails smoothly, could you give us an idea of what kind of execution, we could expect for the next two to three years? That is number one. Second question is do we also look at Goa Shipyard since we accrue some earnings from that. Is there any update that you can give us on that?
- Sanjeev Singhal:** With respect to the first question, I replied we have a pending order book of Rs. 48619 Crores approximately right now which we intend to execute by 2026-2027 maybe in case of Project-17 Alpha, there could be a shift of by six months to 12 months towards the right. So considering this we definitely see the revenues rising in a considerable manner from 2022-2023 onwards, which we have indicated earlier also in our concall and with respect to GSL we continue to maintain the stand although MDL has a stake of 47.21% but we do not have any management control or board representation on GSL Board. It is only for consolidation purposes their network and profit is taking into consideration, but as far as the day-to-day working is concerned GSL has an independent board, independent management. So, we understand they are operating good.
- Venkatesh S:** Quick question, what is our cash reserves as on date Sir, our own cash, not the advances?
- Sanjeev Singhal:** It is approximately Rs. 1100 Crores.
- Venkatesh S:** Rs. 1100 Crores, own cash?
- Sanjeev Singhal:** Yes.
- Venkatesh S:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Cala Casa India Private Limited. Please go ahead.



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Keshav Garg:

Sir, very good afternoon. Many congratulations for good numbers. Sir, now we all know that the orders are not a concern for our company because last year's revenue our order book is 12 times the last year revenue. The real question is that what is the constraint in really picking up the execution rate? Is it that we do not have enough capacity or is it that the fund disbursement from the government or the Indian Navy is a concern or is there some technical issue regarding some parts, etc., so which of these is stopping us from really accelerating our execution rate?

Narayan Prasad:

I will take your question in two parts; one is there is a ship and a submarine gets constructed. So, first thing it is not a process or batch industry that you have a big order and if you have more number of manpower you can accelerate the production. So that is not the kind of a story lying out here. Every ship has by and large a construction period of about six to eight years if the entire elements of their design and the equipment availability are available and frozen. Now when we build the ships in Mazagon Dock Shipbuilders Limited or for that matter in any of the shipyards, you have a design in your mind. There is no parallel product which is already available that I need like this, so then as you start building about the whole thing, there are lot of things which changes and in addition, the Ministry of Defence and the Indian Navy wants state-of-the-art technology so in these duration of five to six years there are certain equipment changes also which are brought in to remain contemporary. Shipbuilding follows as what Director Finance has just now mentioned, it follows a S Curve. This means that if you look at the different parts of the so-called S Curve portion is all flat which means you have just been consolidating the design, there is no add on the VOP, value of production and suddenly you will find that once the entire thing is done and the keel laying has happened there is a large amount of fabrication starts happening and over a very short period of time, the value addition, which happens on those ships it moves not linearly but exponentially. After a certain point of time, when the equipment starts getting installed, which means after loading on board, this is already called as value of production, after being loaded on board, now they start getting installed and the system process start getting completed. Now this will start become again flat. This means that time is progressing, but the value of production is not increasing. Then you go through another phase of loading some more equipment which is a weapon, sensors, which come much later, after the stabilised power supply and also the air conditioning plants are activated again there is a huge spurt in the value of production add on. This is the other arm of the S and after that again there is a flat portion when the trials and everything commissioned, because we are only carrying out trials of those along the Indian Navy does some weapon firing and you are going for almost 10-12 different sorties for machinery trials so there is no value of addition on, but these are all part of the shipbuilding and acceptance procedure. So that is exactly what we are explaining that whilst we have all the funds which are available and we have the complete infrastructure facilities to concurrently build 11 submarines and 10 ships together, different ships construction phase will be at different part of S Curve. Presently we are building 4 in number destroyers of project 15 Bravo and 4 in number stealth frigates of 17-Alpha and besides that three more submarines, we have all the capacities and the capabilities but they are at different stage of the S



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curve and manpower infusion on board a ship, submarine during construction have to be done accordingly.

Keshav Garg: Sir, basically what we understood that there is no problem about funding and we are operating at full capacity, are we manufacturing right now 10 submarines and 11 ships simultaneously or is there some gap?

Narayan Prasad: Right now whilst MDL has capacity to build 10 ships and 11 submarines, out of 10 ships we have got 8 ships in hand for new construction. Besides we have got couple of small ships for repair which is also a new Repair vertical and out of the total capacity of submarine construction, we right now have out of 6, 3 we have delivered and 3 are at different stages of up construction at about 80% and onwards. Majorly they are at the trial stages and these trial stages are a very time consuming and support of consorts are to be provided by the Indian Navy and more important is the conducive environment. This means seas are very cool and calm. In the entire bargain, you will find that in the monsoon season of about four to five months we just cannot sail for trials. Month of June till September, generally are not conducive for trials because of rough Seas. This year we have to deliver the fourth Scorpène submarine, we have just sailed them out of Mazagon Dock Shipbuilders Limited to the Indian Navy and they will soon start sailing for trials and eventual delivery in December or January.

Keshav Garg: Sir basically what I understood that we still have some capacity which is vacant that warships as well as for submarines?

Narayan Prasad: Yes.

Sanjeev Singhal: These are the facilities. You should appreciate that as far as shipyard is concerned, shipyard is an infrastructure facility where such kind of surpluses will always be available and when we say one minor correction, probably CMD Sir, while replying to your query in flow mentioned we have a capacity of 11 ships it is vice versa. We have a capacity of 10 ships and 11 submarines. So this is the correction and when we have this capacity definitely that is, in the most ideal situation where these vessels have to be at different stages of production. It is not that I can at a time accept orders for 11 submarines and 10 ships. These have to be at various stages of production that would be the most ideal position, but any infrastructure industry would be having capacities which are far in excess of the normal requirements. That is the case with us also. So, it is not that the yard is lying vacant. It is not that the yard cannot take anything more. Certain facilities with respect to deployment of manpower that remains flexible. We can always enhance it as per the requirements, so whatever is the current order book the manpower is commensurate to that.

Keshav Garg: Sir, I wanted to understand MDL is the only manufacturer of submarines in India is it that all the existing fleet of Indian Navy of submarine has to come to MDL only for servicing or it can go to Cochin shipyard also?



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Narayan Prasad:

When it comes to maintenance as you are aware the Indian Navy presently deploys submarine from three different sources. One is the Russian origin, the other one is German origin built in joint collaboration with the MDL which was built in 1990s and still operating and the third one is the new generation submarines that we are building right now, three of which, have already been delivered. So, by and large, it is a common understanding that because of the infrastructure facilities, which are available those submarines which have been built by MDL would come to MDL itself because the Navy is still not fully geared up to undertake these refits but those which have been acquired from the Russian Federation, both the Naval dockyards, which is manned by Indian Navy that is one at Mumbai and the other one is Vizag they are undertaking their normal refits and also the life certification. In addition to these naval dockyards manned by the Navy, Hindustan Shipyard Limited at Vishakhapatnam has also been equipped with the art of all the facilities in all where they can undertake repairs and life certification of Russian origin submarines, but the other two submarines which are there, would by and large come to MDL only.

Keshav Garg:

That is great to know. Sir, also wanted to understand that in the RFPs mentioned that some of our existing plot the lease of that has expired and we have asked Mumbai Port Trust for us to renew the lease. Sir, what is the status of that and is there a possibility of a big outflow of cash for renewal of those leases of real estate?

Sanjeev Singhal:

I would take that question as far as MDL is concerned, we have around 42% of our land is leased land from Mumbai Port Trust, balance small portion is on free hold and balance through Maharashtra government. Now out of this 42% which is divided into 13 plots the lease with respect to four plots expired in 2006 and since then we have been requesting MBPT for renewal although we continue to occupy and continue to make payment of the rent as per the agreement on account of non-finalization of the land lease policy so MBPT was not in a position to raise a demand. Now recently a couple of years back they have come up with a land lease policy and raised a demand on MDL which is also reflected in our accounts of Rs. 312 Crores corresponding to four plots, which has been strongly disputed by MDL as being exorbitant. So whatever formulas they have arrived, they are no way considered to be fair and equitable by MDL and right now the matter is under discussion at the Ministry level between Department of Defence Production and Ministry of Shipping, Port and Waterways. We have been assured that this is being looked into favorably and the land lease policy of MBPT is being revised taking the PSUs into consideration. So we are awaiting the results, but we expect that this would be a fair and equitable policy quite favorable to MDL.

Keshav Garg:

Sir, best of luck and thank you very much.

Moderator:

Thank you. The next question is from the line of Jonas Bhutta from PhillipCapital. Please go ahead.



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Jonas Bhutta: Good afternoon Sir. Thank you for the opportunity. Couple of questions; Sir when you spoke about the Rs. 35000 Crores kind of opportunity pipeline that you have over the next two to three years, you mentioned 11 next gen OTVs which is about Rs. 10000 Crores, if you can give us the breakup for the balance next gen corvette and the high-speed landing craft which then adds up to about Rs. 35000 Crores?

Narayan Prasad: The first in line towards this medium term projects which are likely are next generation patrol vessels likely priced at about Rs. 10000 Crores and for which bid submission is by 28th of this month and we are participating in the bid submission. The next is 7 in number the next generation corvette. Now they would be roughly priced at about Rs. 23000 Crores. So this totally makes about Rs. 33000 Crores and I talked about total value of Rs. 35000 Crores, so in the rest Rs. 2000 Crores 6 in number high-speed landing crafts, one polar research vessel, one survey training vessel, one acoustic research ship for NPOL Kochi all those things are likely to be accommodated.

Jonas Bhutta: Sir, also wanted to understand just recently the RFI for landing platform dock, LPDs was floated. Will that stick in the timeline of this two to three year that you have for a midterm target or that is a project that will sort of slip into beyond three years in terms of award timelines and whether can be MDL be participating in that if that project were to go ahead?

Narayan Prasad: LPD-Landing Platform Dock, Indian Navy has right now, was acquired from the US. The proposed vessel is about 200 to 205 meters and required to have either the conventional propulsion system or the electric propulsion system which is a new technology. Now what has come out right now is an old project which was shelved and has been reactivated. This was very much into the news in 2014 and we almost had M/s L&T has a resultant single vendor. MDL with its current position and the infrastructure facility, are outstretching ourselves to try and accommodate this particular vessel and we are participating as of now with this and as and when the RFP comes, right now it is all at the RFI stage. Shipyards are being evaluated for the capacity and capability for undertaking this particular project and we are participating into this.

Jonas Bhutta: The tentative cost remains the same Sir at about Rs.16000 Crores for the four?

Narayan Prasad: I would not be able to talk about the price right now for the simple reason that erstwhile the Defence Acquisition Council needed 14 number LPDs and 2010 price was Rs. 4000 Crores each vessel. So it was overall vessel of Rs. 16000 Crores but I am sure with all the modifications, what is being talked about and different kind of hangarage for the aircrafts and the different kind of structure which they are talking the price would escalate but a little more delving into deeper would give a little more insight because last time this RFP was not extended to couple of shipyards. In fact, Cochin Shipyard was making the aircraft carrier, indigenous aircraft carrier they were not extended this RFP and MDL was also not extended this RFP. So, we are getting into this one and we will contend for it.



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- Jonas Bhutta:** Lastly, if I can get a breakup of the order book project wise, the Rs. 48619 Crores is broken up between the three of the major projects? That would be.
- Narayan Prasad:** As you are aware when we started with these projects i.e Project-15 Bravo which is four destroyers, 17-Alpha which is 4 in number stealth frigates, P-75 submarines and Medium Refit Life Certification of submarine its total value was about Rs. 84532 Crores. As we stand today that is July 31, Project-15 Bravo is pecked at about Rs. 21800 Crores, Project 17-Alpha is at Rs. 21295 Crores, Project-75 at Rs. 5279 Crores and MRLC of a submarine about Rs. 245 Crores which totals to about Rs. 48619 Crores precisely.
- Jonas Bhutta:** Got it. This is helpful. Thank you and all the very best.
- Moderator:** Thank you. The next question is from the line of Mr. Abhijit Mitra. Please go ahead.
- Abhijit Mitra:** Thanks. I was saying that regarding this finalization of the land license fee should one look into Concor's decision which is currently under finalization? It is essentially 7% of the land value and 6% as annual increment?
- Sanjeev Singhal:** It would be difficult to say because this is being looked at from a different prism altogether. With respect to CPSEs what can be a special dispensation like till now we have been paying a yearly increase of 4% apart from the base rent itself. So, what would be the basis of fixing the rates that is not known. It is under active discussion between both the ministries at the highest possible level. You should also understand it is just not possible and would not be fair to suddenly existing land which has been in our possession for the past more than 60 years and which needs to continue in our possession for all practical purposes. So we would not be able to speculate with respect to what basis are they going to adopt.
- Abhijit Mitra:** But that Rs. 300 Crores plus of demand that they have put in, they have mentioned any rates which...?
- Sanjeev Singhal:** This is based on the market rate assessed by their experts.
- Abhijit Mitra:** Market rate of the land and what is the rate lease rate on that they have applied?
- Sanjeev Singhal:** I would not be knowing the detailed calculations right now.
- Abhijit Mitra:** No worries. Thank you. That is all from my side.
- Moderator:** Thank you very much. The next question is from the line of Umesh Raut from Dolat Capital Markets Private Limited. Please go ahead.



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- Umesh Raut:** Sir, one bookkeeping question from my side. Last year we had some LD write back of around Rs. 160 Crores odd so are we expecting some more write backs to earn in the next couple of years?
- Sanjeev Singhal:** Timing with respect to LD write back is difficult to predict. Right now what we can say is that yes with respect to P-75 we have delivered three boats and on first two boats certain amount of LD has been levied, which is under active discussion and evaluation, but we would not be able to comment with respect to the timelines by what time it gets evaluated and crystallized. So, it will always depend on that. It is difficult to say whether it will be this year or next year.
- Umesh Raut:** But Sir quantum how much it will be?
- Sanjeev Singhal:** It will always depend on what delays are considered attributable to MDL. This is a very voluminous document where we also make our representations and the reasons are analyzed by competent team. Unless and until the things are crystallized it would be premature to comment on it.
- Umesh Raut:** Thank you so much. All the best.
- Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I will now hand the conference over to the management for closing comments.
- Sanjeev Singhal:** We look forward for such interactions with the investors. This has been the philosophy of MDL of being transparent with all the investors who have bestowed their confidence in the working of MDL, apart from the figures, which are published in any other ambiguities or there if any other clarifications are there, with respect to the future business prospects, we always look forward for such kind of discussions. In fact, ICICI Securities has been actively involved along with the other similar agencies. So this has been a nice interaction. We also get certain useful inputs from all these interactions. Thank you very much.
- Moderator:** Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.