



## “PNC Infratech Limited Business Update Conference Call”

**October 21, 2024**

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**MANAGEMENT: MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR  
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(FINANCE)**

**Moderator:** Ladies and gentlemen, good day and welcome to the Business Update Call of PNC Infratech Limited.

This conference call 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 guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in 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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jigar Kavaiya from Strategic Growth Advisors. Thank you and over to you, Mr. Kavaiya.

**Jigar Kavaiya:** Thank you, Anuj. Good morning, ladies and gentlemen. On behalf of PNC Infratech Limited, I am pleased to welcome you all on this Business Update Call.

We have with us today the Managing Director of the Company – Mr. Yogesh Kumar Jain, along with the Senior Management Team.

We will begin the call with the opening remarks from the Management, followed by a Q&A session. Thank you and over to Yogesh sir.

**Yogesh Kumar Jain:** Good morning, everyone. On behalf of PNC Infratech Limited, I thank you all for joining on this call today at a short notice.

Today on the call, I have with me Mr. T. R. Rao, Director (Infra), Mr. D. K. Agarwal, Chief Financial Officer, Mr. D. K. Maheshwari, Senior Vice President (Finance) and Strategic Growth Advisors - our Investor Relations Advisors.

The purpose of this call is to give an update on the recent key developments that include an Order issued by Ministry of Road Transport & Highways say MoRTH, disqualifying the Company and two of its SPVs namely PNC Bundelkhand Highways Private Limited and PNC Khajuraho Highways Private Limited from participating in any tender process of the Ministry for a period of 1 year with effect from 18<sup>th</sup> October 2024.

It may please be appreciated that this call is essentially limited to the above key development only.

As the Company is yet to declare its financial results for the quarter and half year ended 30<sup>th</sup> September 2024, we will not be able to share any details or address any queries relating to the financial results, which we hope the participants understand.

I will start with briefly recalling the background of the matter.

As we have been intimating the Stock Exchanges from time to time, you are aware that the matter relating to the CBI, ACB III registering an FIR on 8 June 2024 in the matter of alleged illegal gratification by the employees of Company under certain provisions of the PC Act and IPC; filing of a chargesheet in the matter before the hon'ble Court of Special Judge, CBI, Bhopal on 8 August 2024 and release of the employees of Company who were under the judicial remand, on 29 August 2024 pursuant to the bail granted by the hon'ble High Court of Madhya Pradesh, Jabalpur.

As further intimated on 19 October 2024, the MoRTH asked the Company and its two subsidiary companies namely PNC Khajuraho Highways Private Limited and PNC Bundelkhand Highways Private Limited (SPVs) to appear before MoRTH on 18<sup>th</sup> October 2024 along with all documents in their support for personal hearing in the matter. Post hearing, vide its Order dated 18<sup>th</sup> October 2024 MoRTH has disqualified the Company and the two SPVs from participating in any tender process of the Ministry for a period of 1 year with effect from 18<sup>th</sup> October 2024.

As we had already intimated to the exchanges on 19 October 2024, there will not be any impact on the ongoing development, construction, operation & maintenance activities of the Company and its subsidiaries including the said two SPVs on account of the aforesaid Order.

As the Company has been disqualified from tender process for period of one year of the MoRTH only, the Company is able to continue to pursue business opportunities with the other central ministries and various authorities/agencies of the state governments and accordingly should be able to participate in tender processes.

As we had intimated to the exchanges, the Company has recently been awarded three new major projects for an aggregate contract value of Rs. 6,670 crores; two projects by MSRDC and one project by CIDCO.

Including the value of above three new projects, the Company's gross order book as on date is over Rs. 21,000 crores, without deducting the value of execution done during the second quarter ending 30 September 2024.

The above robust unexecuted order book shows a tangible revenue visibility over the next two to two & half years.

Nonetheless, we are evaluating all the resources available to the Company including legal actions that can be taken by the Company to minimise and mitigate the impacts of the said Order on the Company's performance going forward.

We now open the floor for questions and answers. Thank you.

- Moderator:** Shall we open the line for questions?
- Yogesh Kumar Jain:** Yes.
- T. R. Rao:** Before this thing, we would like to add, we would not be in a position to disclose any material information, particularly price sensitive information before informing to the exchanges. So, we request the audience, we request the participants to keep this in mind while seeking the queries or questions from us. Thank you.
- Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Shravan Shah with Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you, sir. Sir, just a couple of clarification. First, this order talks about not bidding in NHAI also or only in MORTH?
- Yogesh Kumar Jain:** NHAI is part of MORTH, so this is for MORTH, NHAI and NHIDCL.
- Shravan Shah:** And can we bid through any other Company apart from the three companies mentioned in NHAI and MORTH, or cannot we bid through any of our subsidiaries also?
- Yogesh Kumar Jain:** Yes, only three companies are disqualified. If other subsidiary qualified for the other project then we can bid.
- Shravan Shah:** Okay, so in NHAI and MORTH we can bid through any other subsidiary?
- Yogesh Kumar Jain:** Yes, if it qualifies.
- Shravan Shah:** And second, we have talked about legal action. So, just trying to understand even if whatever we will take legal action, so two aspects to understand, what's likely to be the action? And let's say this one year if MORTH decides to lower this time frame in terms of disqualification, by what time will we be able to know that this one year will be lower to let's say six months or three months or complete removal, what minimum time frame it will take to understand this?
- T. R. Rao:** First question, we want to answer. Lowering of this time period from one year to now below this, it's hypothetical. So, we can't say anything now about that, because we need to evaluate. And the second thing regarding the legal actions, we are contemplating the available legal actions, and we

will let you know once we take some kind of a tangible thing after informing to the stock exchanges.

**Yogesh Kumar Jain:** We hope in 15, 20 to days you will get.

**Shravan Shah:** Okay. And will it also impact in terms of whatever we have till now bided in NHAI and MORTH and where the outcome has not come, so will it also impact that? And if possible, can you share how many projects and the value we have already bided in MORTH and NHAI where the outcome has not come?

**T. R. Rao:** This call has to be taken by MORTH and NHAI, whether this order would be made effective retrospectively and what is their internal procedure. And regarding the bids we submitted, we submitted a couple of bids, we will share it separately because currently we don't have the information.

**Shravan Shah:** Okay. So, now in terms of the order inflow that we were looking at fresh further of maybe Rs. 7,000 crores, Rs. 8,000 crores, how do we want to compensate, let's say, if this order continues from which segments or the other central and the state authorities from where we would like to achieve our order inflow? And what's the risk in terms of not achieving this and what next we can achieve in terms of the order inflow for FY '25?

**T. R. Rao:** See, as our Managing Director has already said, we had already received orders worth of Rs. 6,700 crores nearly this year, and there is scope for pursuing the opportunities at other ministries as well as at the state governments. So, we will continue to pursue those business opportunities and try to achieve further business during the current financial year. So, in case of any reduction in these things, our order book is already robust, and it is having more than Rs. 21,000 crores, we don't foresee there will be any major impact on the Company's operations going forward.

**Moderator:** Thank you. Next question comes from the line of Alok Deora with Motilal Oswal, please go ahead.

**Alok Deora:** Just a couple of questions. So, first is, you mentioned that PNC Infratech can bid through its subsidiary because, I just wanted some clarity on that, because eventually it would come in PNC Infratech only, right? So, are we sure we can bid via a subsidiary because then it would be like a no impact for us, we can like float a subsidiary and start bidding via that subsidiary. Just if you could provide some clarity on that, because if that happens then there is really no impact on us.

**Yogesh Kumar Jain:** Generally, what you are talking about, you are talking about SPVs?

**Alok Deora:** Yes, SPV or a subsidiary we create, and we bid via that.

**Yogesh Kumar Jain:** We cannot bid through SPV. We cannot bid any project through SPV because the SPV is the special purpose vehicle only for the said project only.

**Alok Deora:** Right. So, in the earlier question you mentioned you can create a subsidiary and bid, is that possible?

- T. R. Rao:** We are evaluating the options. See, we can't say anything right now formally, so we're evaluating the options.
- Alok Deora:** Okay. Because what I mean the basic understanding which we have is that ultimately that will come in PNC Infratech only, right, so that won't be kind of allowed if we create a subsidiary and bid through that.
- T. R. Rao:** Yes, we appreciate that, so we are evaluating the options.
- Alok Deora:** Sure. And also, we are already in October, if we take any legal course and it will take maybe a few months or so, so is it fair to assume that this year it would be very difficult to kind of turn this order and get bidding? Because after March or April we will hardly see any bidding again coming through, then we will again be eligible in October onwards, October '25. So, realistically speaking, what's your thought process on this?
- T. R. Rao:** See, the legal course is one of the options available, but what would be the outcome of the legal course and how much time it will take, again, is hypothetical as of now. Now, we don't know what month, it could take much lesser time also, it could take more time also. So, as of now we are hopeful of getting some kind of remedy. We will share as we move ahead.
- Alok Deora:** Sure. Sir, just last thing. So, we had given this order inflow of nearly Rs. 8,000 crores for the remaining part of the year, so any change in that number now?
- Yogesh Kumar Jain:** This is already awarded.
- T. R. Rao:** No, no, the further order book, as of now we don't want to say, I don't want to say any firm numbers, but in the month of November when we meet Q2 Results then we will be able to tell some tangible things.
- Moderator:** Thank you. Next question comes from the line of Ashish Narendra Shah with HDFC AMC. Please go ahead.
- Ashish Narendra Shah:** Sir, just a couple of things. One, does this order impact any of the projects where appointed date is awaited, or that part will not get affected?
- T. R. Rao:** That part will not be affected.
- Ashish Narendra Shah:** So, that part is clear. Secondly, in terms of the assets which are in the process of being sold to KKR, now does this get into from approval from the government perspective, NHAI perspective, again, does that part get affected in our best of understanding?
- T. R. Rao:** No, to our best of understanding, we don't think that it will get affected and seeking NOCs from the government as well as since the buyer is also aware of all these developments which are in the public domain, we don't take any deviations would be there from the present course of action.

- Ashish Narendra Shah:** Alright. And outside of NHAI, can you maybe indicate what's the kind of bidding that you have done at this point, and which are the top maybe two or three sectors where you think you can bid and compensate for this loss of opportunity that may happen?
- T. R. Rao:** As we said earlier also, we have been bidding other sectors like Orbital Rail Corporation and also water sector under Jal Jeevan mission and other recently secured projects from Maharashtra and Railways are there. So, we will be pursuing those opportunities. We can't say anything concretely now, but we will continue to pursue those opportunities, and we will be hopeful of securing some business from those sectors and those spaces.
- Ashish Narendra Shah:** Sure, but any indication of how much you might have bid at this point of time or outside of NHAI projects?
- T. R. Rao:** We will share the details, readily its not available, it's not a regular kind of thing, we will share the details.
- Moderator:** Thank you. Next question comes from the line of Parikshit Kandpal with HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, is there any conditions in the non-NHAI segment if you are bidding, so is there any condition which mandates that if any agency has been barred from bidding in say central agency so will still the bids be accepted by the non-NHAI entities?
- T. R. Rao:** So, if you go by the order, the order specifically says, we are disqualified from the tender process of the Ministry only, it is very specific. See, it will be something like a speculative thing what will happen if other agencies are coming up, that will depend upon the RFP conditions of that particular project. So, we can't say anything now, but the order is very clear, we are disqualified only and only from the bidding process of Ministry, which includes NHAI and NHIDCL.
- Parikshit Kandpal:** The second question is, the barred seems to be quite harsh because we have seen contractors, I mean, similar contractors with similar kind of thing getting barred between one month to six months. So, what's your internal assessment, why was such a harsh step taken for a year kind of a ban?
- T. R. Rao:** See, we don't want to comment on this because we are evaluating the thing, so we don't want to comment why such harsh, and we can't even assess also why that was taken by the Ministry.
- Parikshit Kandpal:** And the last questions on these two SPVs which are part of KKR, so we will continue to receive annuities, right, I mean over this one-year period, so any color on that?
- T. R. Rao:** Yes, absolutely, this thing has no issue. These SPVs will continue to receive annuities and O&M payments and other payments under the change in law. So, there should not be any issue in receiving the payments from the other companies.
- Moderator:** Thank you. Next question comes from the line of Karan with Monarch AIF. Please go ahead.

- Karan:** Sir, you mentioned that you are kind of looking at other agencies in other sectors to kind of win projects. According to us, according to our technical know-how and technical visibility, which other agencies or ministries that we can approach now to kind of reach around Rs. 13,000 crores, Rs. 15,000 crores of order inflows that we had previously guided, or do you think now we will have to work with a different number moving forward in terms of order inflows?
- T. R. Rao:** As we said, in the current financial year with the recently secured projects our order book, now already we secured around Rs. 7,000 crores of new projects already. So, whatever the remaining we will be pursuing in the next 5 and 5.5 months from the other sectors and other ministries, including state governments. So, as of now, we want to maintain the same order book guidance. Going forward, in the month of November when we declare Q2 results and we will have a concall, then we will be able to tell you more firm numbers and more kind of concrete changes.
- Karan:** Understood, sir. And sir in terms of revenue execution and our book-to-bill, what do you think we can achieve going forward in FY26 and FY27 if there's any broader guidance that you can give over there?
- T. R. Rao:** So, we don't want to discuss this until and unless we declare our Q2 Results and these things. So, we want to limit this call only to what has happened, hope you understand.
- Karan:** No worries, I understand sir.
- Moderator:** Thank you. Next question comes from the line of Parvez Qazi with Nuvama Group. Please go ahead.
- Parvez Qazi:** Sir, I have one question, does this development in any way can it impact our potential asset monetization that we are trying?
- T. R. Rao:** It should not be. It should not be because our buyer is also quite aware of all these developments, because we intimated to the exchanges, which are in public domain, is aware of it. And also, NHAI, this order is only limited to participation in the tender process, we are supplying emphasis only participation in the tender process by the ministry. So, we are not expecting any such kind of a thing as of now.
- Moderator:** Thank you. Next question comes from the line of Vaibhav Shah with JM Financial Limited. Please go ahead.
- Vaibhav Shah:** Sir firstly for the two subsidiaries where we have disqualified Khajuraho and Bundelkhand, so particularly for them will the monetization be impacted, or will they also not be impacted with respect to the NOCs that we need to receive?
- T. R. Rao:** See, it will be too early to say something, so we are evaluating that. We will be able to share in case of any further development in that aspect what we had asked.
- Vaibhav Shah:** And sir, secondly for the five HAMs where AD is awaited, so any impact on particular those side projects or that also should not be impacted?



- T. R. Rao:** That also should not be impacted.
- Moderator:** Thank you. Next question comes from the line of Ronald Siyoni with Sharekhan Limited. Please go ahead.
- Ronald Siyoni:** Sir, just two questions. Firstly, does this order put the case behind us? Or as the procedure continues and the investigations continue against the senior management and the Company as well, so is it a done and dusted case or there can be further actions from the Ministry?
- T. R. Rao:** No, we don't think there can be any further action from the Ministry because these are two different things. Ministry, what are the actions taken in terms of the concession agreement executed with this thing. And the case which is there going on at the sessions court this thing, that is a different aspect. And also, we want to share that the designated court has not taken cognizance of the matter and also not framed the charges, and the trial has not begun.
- Ronald Siyoni:** And second one, as you know, in the past have you seen such a clause in other government agencies that if you are debarred from affiliated government agencies then you cannot bid, in the past in the history have you seen such a clause?
- T. R. Rao:** No, actually this kind of condition differs from one ministry to another ministry and one project proponent to another project proponent, and there is nothing any such kind of a rule in the government and a written kind of a thing that a particular firm is disqualified by a particular ministry, you can't bid for another ministries or other agencies. There is no such rule, so it depends on the client and the authority.
- Moderator:** Thank you. Next question comes from the line of Shravan Shah with Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, I just wanted some update on the CBI case. So, when the next hearing is there and is there in terms of any negative outcome can come there?
- T. R. Rao:** It's too forward-looking and very hypothetical kind of a thing. As just now we had mentioned, the designated court has not taken cognizance of the matter yet, so once the court has to take cognizance of the matter followed by framing of charges and then the hearings come. So, it is too early to say, too early to talk about it. So, anyhow, we will keep informing the exchanges and through exchanges all these stakeholders. So, any further development is happening in that direction.
- Shravan Shah:** And as such it will not, you already mentioned, just wanted further confirmation that it will not impact any payment which we are likely to get from NHAI or MORTH for existing projects?
- T. R. Rao:** Yes.
- Moderator:** Thank you. Next question comes from the line of Parikshit Kandpal with HDFC Securities. Please go ahead.

- Parikshit Kandpal:** Sir my question is that these two entities, the SPVs, which are the part of KKR deal, how much is the total invested equity and what is the equity value of these assets?
- T. R. Rao:** The figure is not readily available, as I mentioned that we convened this call at a very short notice and we will share with you separately offline.
- Moderator:** Thank you. Next question comes from the line of Vaibhav Shah with JM Financial Limited. Please go ahead.
- Vaibhav Shah:** Sir, can we do subcontracting works for any of the other players pertaining to MORTH or NHAI project?
- T. R. Rao:** That aspect we have not evaluated, we are neither contemplating that one. So, we will share with you in case we have any kind of ideas.
- Vaibhav Shah:** If they are allowed, then are we open to do that?
- T. R. Rao:** Again, it's hypothetical.
- Moderator:** Thank you. Next question comes from the line of Prem Khurana with Anand Rathi. Please go back.
- Prem Khurana:** Sir, most of my questions are already answered, just one small clarification if you could help me with. So, these two SPVs, I mean, do we have any payments due from NHIA towards either grant or annuity, grant specially, annuities you said you are receiving on a frequent basis, but any payments which are still due with NHAI towards grant?
- T. R. Rao:** See, there is no grant in these SPVs because the grant completes once the project is commissioned during the construction time, no grant is pending, and as of now no annuities are also pending. But maybe there are certain payments under change in law which we will be getting.
- Prem Khurana:** Okay, so change in law is essentially....
- T. R. Rao:** GST payment.
- Moderator:** Thank you. Next question comes on the line of Ankita Shah with Elara Capital. Please go ahead.
- Ankita Shah:** Sir, I didn't understand one thing, why were only two SPVs barred for bidding? Why were other SPVs not mentioned in this order?
- T. R. Rao:** See, the case has been registered by CBI against PNC. In fact, the case has not been listed in the SPVs, but the project where this alleged incident has happened, as alleged by CBI, tends to be these SPVs, so then they included those SPVs also, because there was an Integrity Pact signed by these SPVs. They combined PNC along with two SPVs, and none of the other SPVs have any kind of role in the whole thing or connected to the matter.
- Moderator:** Next question comes from the line of Nitin Dharmavat with Aurum Capital. Please go ahead.

**Nitin Dharmavat:** Just to reconfirm sir, this order will not have any impact on the existing projects awarded by NHAI, even if the work has not begun over there?

**T. R. Rao:** Yes, this order will not have any effect.

**Moderator:** Next question comes from the line of Bharanidhar Vijayakumar with Avendus Spark, please go ahead.

**Bharanidhar Vijayakumar:** Can you throw some light on these recent MSRDC projects in terms of the land availability when it is starting?

**T. R. Rao:** See, Mr. Vijaykumar, as this call is particularly limited to the development that has happened on 18th and which we had intimated to 19th, and anyhow we will be meeting during the second week of November to discuss on our Q2 results, and certainly we will share all these things during that one. We don't want to extend the discussions beyond the matter in question.

**Bharanidhar Vijayakumar:** Sure, okay, understood sir, will talk to you then.

**T. R. Rao:** We appreciate.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**T. R. Rao:** Again, we want to inform all of you while extending our thanks. The PNC is a law abiding corporate, as we had already said. And also, we will not be sparing any efforts, and we will not be leaving any kind of a stone unturned to minimize and mitigate the adverse impacts that might be caused due to the order, and we will continue to endeavor to safeguard the interest of all its stakeholders, including shareholders.

**Yogesh Kumar Jain:** Thank you everyone once again for participating on this call today at very short notice. In case of further queries, you may get in touch with the Strategic Growth Advisors, our Investor Relations advisors, or feel free to get in touch with us. Thank you.

**Moderator:** Thank you. On behalf of PNC Infratech Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.