



**“PNC Infratech Limited Second Quarter Result
Conference Call”
December 13, 2016**



**MANAGEMENT: MR. YOGESH JAIN – MANAGING DIRECTOR
MR. D.K. AGARWAL – CHIEF FINANCIAL OFFICER
MR. D.K. MAHESHWARI – ASSISTANT VICE PRESIDENT,
FINANCE**

**MODERATOR: MR. VIBHOR SINGHAL – PHILLIP CAPITAL (INDIA) PVT.
LTD.**



Moderator: Ladies and Gentlemen, Good day and Welcome to the Second Quarter Results Conference Call for PNC Infratech, hosted by Phillip Capital (India) Pvt. Ltd. As a reminder, all participant lines will be in the listen-only mode. And there would be an opportunity for you to ask questions after the presentation concludes. In case 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. Vibhor Singhal from Phillip Capital (India) Pvt. Ltd. Thank you and over to you, sir.

Vibhor Singhal: Thanks, Aman. Good afternoon, everyone. Welcome to the Second Quarter Results Conference Call for PNC Infratech. We have with us today the senior management of PNC Infratech, we have Mr. Yogesh Jain – Managing Director, Mr. D.K. Agarwal – Chief Financial Officer and Mr. D.K. Maheshwari – Assistant Vice President, Finance.

As a usual practice, we will have some opening remarks and a brief overview of the results and the outlook by Mr. Yogesh Jain. After that we will open up the floor for questions-and-answers. Over to you, sir.

Yogesh Jain: Good afternoon, friends. We welcome you all to participate in our Earnings Conference call to discuss on our performance for the quarter and half year ended September 30, 2016. Along with me I have Mr. D. K. Agarwal – Chief Financial Officer, Mr. D. K. Maheshwari – Assistant Vice President (Finance) and Strategic Growth Advisors, our Investor Relations Advisors.

I'll now briefly touch upon the recent developments in the Industry and then share recent company updates.

With a specific focus on development of Roads, the MORHT has been working hard to award the projects. According to recent data, during April to October this year a total of 4,433 Kms has been awarded out of which NHAI awarded 2,361 kms. During the same period a total of 3,591 Kms of roads has been constructed out of which NHAI has constructed 1,234 Kms and MORTH has constructed 2,357 Kms. Few recent media articles indicate that the NHAI is likely to award 7,000 Kms in current fiscal totalling to Rs. 100,000 crores.

The awarding of the projects has slowed down due to the recent reforms of awarding the projects, only if 90% of land is acquired. In order to speed up the land acquisition, the MORTH has issued various directives. The one important directive is determination of the amount of compensation in consonance with the relevant provisions contained in the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 with effect from 01.01.2015.

Along with the taking above the step to improve execution of road projects, the Roads Ministry has also asked all the developers to transfer cases under the new Arbitrations Act which allows release of 75% of the amount awarded against a bank guarantee. As per the recent statistics, a total of 123 cases for a claim amount of more than Rs. 25,000 crore are pending before Arbitral Tribunals relating to Highways sector.

On one hand the government is working towards addressing various issues faced by the Industry, on the other hand it is also preparing to improve the project awarding. Recently the NHAI has invited the bids for preparation of Detailed Project Reports (DPR) for development



of 44 economic corridors totalling to 15,000 Kms in Phase 1. Overall, the government is planning to develop 35,000 Kms of highways at an estimated cost of Rs. 3,00,000 Crores under the Economic Corridor Project for faster movement of freight.

Not only NHAI, other wings of MORTH like National Highways and Infrastructure Development Corporation Ltd. (NHIDCL) has been implementing the road projects in the North-East and other Hill States.

On the funding side, the total funds required by NHAI for execution of different highway projects are approximately Rs. 72,000 crore. Out of this, the NHAI is planning to raise Rs. 55,000 crores this fiscal. Till now NHAI has raised Rs. 10,000 Crores through taxable bonds of Employees Provident Fund Organisation (EPFO), whereas LIC has agreed in principle to subscribe to NHAI taxable bonds to the tune of Rs. 25,000 crore subject to not more than Rs 8,500 crore in one Financial Year. NHAI is also planning to raise money by monetizing projects under Toll Operate Transfer (TOT) model which the CCEA has approved in August this year. As of now, a total of 75 operational, National Highway projects have been identified totaling to approximately 4,500 Kms and their annual toll collection is around Rs. 2,700 crores per year.

With funds being available with NHAI and the government's plan to award the projects on Hybrid Annuity Model along with EPC mode, there is expectation of pick-up in awarding activity in the coming months.

Now moving on to company and recent updates

The core expertise of the company is highway construction & development. Till now we have completed 55 major infrastructure projects on EPC basis across 13 states of India. We have a strong set-up in the Northern region, however the projects we execute are awarded by various Central & State Government authorities like NHAI, MORTH, UPEIDA, State Public Works Departments etc.

We are also Super Special Class Contractor certified by Military Engineering Services (MES) which qualifies us to independently bid for runway projects of MES.

We have also developed a unique Industrial Area re-development project of Narela Industrial Area in Delhi on Annuity Basis.

Currently we are executing 20 projects in roads & airport runway sector.

Moving on to our BOT Projects:

Currently we have 7 operational BOT projects out of which 5 are Road BOT projects, 1 is Road OMT project and 1 is Industrial Development project. Apart 7 operational BOT Projects, we have been awarded our first HAM project for Bid Project cost of Rs. 881 crores. Right now, we are working on achieving the Financial Closure of the project and we have received in-principle approval from few of the bankers. We expect to achieve the financial closure well before time.

As a risk mitigation strategy for our BOT Project Portfolio, we have a mix of Toll, Annuity & HAM Projects. Apart from this project mix, majority of the BOT projects have Grant Component which makes the execution and operation of these projects financially viable and sustainable.



Till now we have invested Rs. 463 crores as equity in these projects and now there is no equity investment pending for the operational projects.

The toll & annuity income from the operational projects are as per our expectation and is sufficient to meet the financial obligations on their own.

We have seen growth in the toll revenues in the Q2 of FY17 as compared to Q2 of FY16.

During the current quarter, i.e. Q3 FY17, due to the demonetization drive by the Government of India the user fee collection on highways were suspended from 9th November till 2nd December. Following the directive from NHAI, we have also suspended the toll collection on all our Toll roads during the said period. The NHAI has communicated that it will compensate the concessioners for the loss of toll during the said period. The toll collection has resumed from midnight of 2nd December and since the toll collection operations are going smooth at all our toll plazas.

Now moving on to our order book

The order book in terms of contracts pending execution was over Rs. 5,300 crores as on September 30, 2016. During the first 6 months of the current financial year we have received the following orders:

1. ADB Funded PWD road project in UP (up-gradation of Nanau-Dodon section in the district of Aligarh) worth Rs. 120 crores
2. Extension and resurfacing of runway at Air Force Station, Bakshi Ka Talab, near Lucknow worth Rs. 140 crores
3. Project involving 4 laning of Etah to Kasganj road in Uttar Pradesh worth Rs. 233 crores
4. Project of 4 laning / 2 laning with paved shoulders of Dausa-Lalsot-Kauthun section of NH-11 A (Extension) in the state of Rajasthan under NHDP IV, on Hybrid Annuity Model with a Bid Project cost of Rs. 881 crores.

We have not included the HAM project in order book as on 30th September 2016, however we have received LOA for the same and signed the Concession Agreement.

The robust order book of over Rs. 6,000 crores including the HAM project gives us the revenue visibility for next 2 years in terms of execution.

Now I would present the financial results for period ended September 30, 2016.

Standalone Quarterly Result:

Revenue of 2nd quarter of FY17 is Rs. 360 crore which is lower by 23% compared to 2nd quarter of FY16.

The decline in revenue was due to extremely heavy rains in 2nd quarter of FY17. The progress of works at all our project sites badly affected due to continuous rains in this region and at many sites the works under execution were also damaged due to storm water and flooding. Whereas monsoon was very weak and progress was not affected during this time last year.

EBIDTA of 2nd quarter of FY17 is Rs. 46 crore which is lower by 24% compared to 2nd quarter of FY16



Profit for the quarter of 2nd quarter of FY17 is Rs. 35 crore which is higher by 15% compared to 2nd quarter of FY16.

Cash profit for 2nd quarter of FY17 is Rs. 49 crore which is higher by 7% compared to 2nd quarter of FY16

Consolidated Quarterly Result:

Consolidated revenue of 2nd quarter of FY17 is Rs.499 crore as compared to Rs. 669 crore in 2nd quarter of FY16.

The decline is attributed to application of Indian Accounting Standards (IND-AS).

Consolidated EBITDA of 2nd quarter of FY17 is Rs.160 crore which is higher by 8% compared to 2nd quarter of FY16.

Consolidated PAT after minority interest and share in associates of 2nd quarter of FY17 is Rs. 27 crore which is higher by 19% compared to 2nd quarter of FY16.

Our consolidated cash profit for 2nd quarter of FY17 is Rs. 86 crore which is higher by 9% compared to 2nd quarter of FY16

Moving on to Half Year results on Standalone basis

Revenue of first half of FY17 is Rs. 875 crore which is lower by 3% compared to first half of FY16.

EBITDA of first half of FY17 is Rs. 113 crore which is lower by 6% compared to first half of FY16

PAT of first half of FY17 is Rs. 99 crore which is higher by 75% compared to first half of FY16.

Our cash profit for first half of FY17 is Rs.125 crore which is higher by 50% compared to first half of FY16

Now our Consolidated Half Year Results are as follows:

Consolidated revenue of first half of FY17 is Rs. 1,167 crore which is lower by 14% compared to first half of FY16.

The decline is attributed to application of Indian Accounting Standards (IND-AS). Otherwise as per I GAAP it would have been Rs. 1,156 crores, which would be 8% higher compared to first half of FY16 as per I GAAP.

Consolidated EBITDA of first half of FY17 is Rs. 358 crore which is higher by 25% compared to first half of FY16.

Consolidated PAT after minority interest and share in associates of first half of FY17 is Rs.81 crore which is higher by 82% compared to first half of FY16.

Our consolidated cash profit for first half of FY17 is Rs. 204 crore which is higher by 38% compared to first half of FY16.

On The Balance Sheet Side



Our consolidated net worth as on September 30, 2016 is Rs.1,478 crores whereas total debt is Rs. 1,723 crores. Net debt to equity on consolidated basis comes at 1.16 times.

On stand-alone basis our net worth is Rs.1,462 crores. Total debt of the company on a standalone basis is Rs. 14 crores. There is no working capital debt as on September 30, 2016. We have total cash on standalone basis of Rs. 109 crores as on September 30, 2016.

First annuity for our Raebareli–Jaunpur road project which was due on 3rd December 2016, of Rs. 64.30 crores has been received on 5th December 2016 from NHAI.

During this quarter - CARE has upgraded credit ratings on the bank facilities of our company. Now credit ratings on long term bank facilities revised from “CARE A+ (Single A Plus)” to “CARE AA- (Double A MINUS)” and short term bank facilities reaffirmed “CARE A1+ (A One Plus)”.

With this, we now open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin with the question-and-answer session. We have the first question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Sir, in your total order book which are the orders where the execution has still not started?

Yogesh Jain: There are only four projects which we have not started, two are in Bihar, one is Nagina - Kashipur and one is Varanasi-Gorakhpur. Recently we have started to execute the work of Aligarh-Moradabad project.

Parikshit Kandpal: So as of now, so Nagina - Kashipur there is no movement on execution and the two Bihar projects there is no movement on execution?

Yogesh Jain: Yes, Varanasi-Gorakhpur also.

Parikshit Kandpal: So that means almost Rs. 3,000 crores of your orders are not moving on the ground as of now without execution out of the total order book?

Yogesh Jain: Yes, we are expecting Varanasi-Gorakhpur and Nagina - Kashipur by Jan'17.

Parikshit Kandpal: So Nagina and Varanasi by Jan'17, and these two projects put together is around Rs. 2,000 crores in value, so how much can we book revenues in the fourth quarter from these two projects?

Yogesh Jain: Only in two projects?

Parikshit Kandpal: Yes, these two projects where we are expecting the appointed date to come in Jan'17.

Yogesh Jain: Varanasi-Gorakhpur, we are expecting Rs. 30 crores and Nagina - Kashipur also we are expecting around Rs. 70 - 75 crores in this financial year.

- Parikshit Kandpal:** So around Rs. 100 crores we expect from these two projects?
- Yogesh Jain:** Yes.
- Parikshit Kandpal:** And the Bihar project, when do we expect the appointed date for Bihar project?
- Yogesh Jain:** We are expecting in January'17.
- Parikshit Kandpal:** So we are looking at almost Rs. 2,000 crores of order not contributing significantly to the revenues in the fourth quarter and even in the third quarter there would not be any contribution, so wouldn't there be any significant downgrade in our guidance for the full year and also for the next year?
- Management:** We are expecting execution revenue in fourth quarter from Aligarh-Moradabad, Nagina - Kashipur and Varanasi-Gorakhpur. Two projects of Bihar also, we are expecting will start in January, so we will get some revenue in fourth quarter.
- Parikshit Kandpal:** But for the full year what are we looking at now?
- Yogesh Jain:** We are expecting marginal growth in FY'17 as compare to FY'16.
- Parikshit Kandpal:** So which are the projects which will contribute to the growth, because Rs. 3,000 crores of orders hardly contribute Rs. 200 crores or Rs. 250 crores of revenue in fourth quarter, your HAM project will not move into execution in this financial year. So which will be the other projects, I think Lucknow - Agra is already completed, so which are the other projects which will contribute to this growth?
- D.K. Maheshwari:** We are expecting around Rs. 350 crores from new projects, in addition from existing projects over Rs.500 crores from Lucknow - Agra, Gorakhpur,-Sonali , Barabanki-Jarwal, and from two airport runways in second half.
- Parikshit Kandpal:** So you are saying 400 plus new projects which you will be getting LOA will contribute 200 and 300, so Rs. 700 crores to Rs. 800 crores we can expect in second half?
- Yogesh Jain:** It will be much higher as there are two UP PWD projects, one is Sharda Canal, another is Etah to Kasgan. So we are expecting around Rs. 1,100 crores - Rs. 1,200 crores in second half.
- Parikshit Kandpal:** And sir, the order so far has been very sluggish, so we have got only 1500 out of which there is one HAM project of Rs. 900 crores, so the order book growth has been back ended. So this poses a risk for our next year total revenue growth, because we were expecting around Rs. 5,000 crores of order inflow and probably 20% of that or 10% to 15% of that if we had contributed revenues next year, so now almost 500 crores to 600 crores of revenue execution

from the new orders is under risk. So what will be the guidance for the next, if we suppose end up at Rs. 2,000 crores of turnover next year, so will we be able to grow at 10% to 15%?

Yogesh Jain: We are expecting growth in next year around 30% to 35% because our all projects will be full swing.

Parikshit Kandpal: But the contribution from the new order would not be there significantly next year, because our orders, we are lagging a lot in terms of new order inflows for this year.

D.K Maheshwari: Actually, this year we are further expecting around Rs. 3,000 crores to Rs. 4,000 crores in the remaining period of this financial year, so that unexecuted portion at March end will be about Rs. 8,000 crores. So there is a visibility of the revenue of next 2 years.

Parikshit Kandpal: And the mobilization time will be almost six to nine months, just see the Nagina - Kashipur we have got in March and the fourth quarter only contributes around Rs. 30 crores- Rs. 35 crores.

Yogesh Jain: The project which we are expecting in the remaining period, they will give the turnover in the second or third quarter of FY18. So the existing projects can give the sufficient revenue in FY18.

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

Ashish Shah: Sir, can you give the project wise toll revenues for Q2?

D.K. Maheshwari: Yes. MP highway about Rs. 13.45 crores, Kanpur - Ayodhya was Rs. 56.19 crores, Kanpur - Kaveri was Rs. 13.74 crores, Narela was Rs. 9.74 crores, Bareilly - Almora was Rs. 8.8 crores and Rae Bareilly - Jaunpur was Rs. 32.30 crores.

Ashish Shah: But under IndAS this will not be part of revenues right, this will be part of other income.

Yogesh Jain: Yes, Rae Bareilly - Jaunpur annuity project will not be the part of the revenue.

Ashish Shah: Yes, that is what I was asking sir. And sir, Ghaziabad - Aligarh?

D.K. Maheshwari: Rs. 32.30 crores.

Ashish Shah: Sir, what is the status of commissioning for Ghaziabad - Aligarh, full commissioning?

Yogesh Jain: In Ghaziabad - Aligarh, the add-on file of 20 kilometers has already reached the headquarters, I think within a week it will get approved. And within 15 days we will be able to add toll for 20 kilometers more.

Ashish Shah: So latest till last week of December full tolling will start, that is what you are saying?

- Yogesh Jain:** About 124 Km against the total stretch of 126 Km.
- Yogesh Jain:** As against 126 kilometers. So my revenue should increase by 20% - 25% proportional to them.
- Moderator:** Thank you. We have the next question from the line of Vijay Kumar from Spark Capital. Please go ahead.
- Vijay Kumar:** Sir, we had guided for an order incremental order inflow of about Rs. 3000 crores and Rs. 4,000 crores in the last quarter also, so why haven't we been able to win anything? And is it because the Lucknow - Ballia bypass order is getting delayed?
- Yogesh Jain:** There is a delay in the Lucknow - Ballia project, the bidding is getting delayed, but we still expect before end of this financial year we should be able to get another Rs. 3,000 crores to Rs. 4,000 crores new orders.
- Vijay Kumar:** So what is the nature of the delay, why is it getting delayed sir?
- Yogesh Jain:** Due to internal approvals from the government, it is getting delayed.
- Vijay Kumar:** And with the impending elections and the code of conduct, will it get put further?
- Yogesh Jain:** The process of bidding may complete before the code of concept comes into the force. We are expecting the bidding to be commenced soon and completed before the code of content.
- Vijay Kumar:** And can you give this quarter's revenue project wise?
- D.K. Maheshwari:** One major project was Agra bypass it was Rs. 30 crores, Barabanki it was Rs. 31 crores, Gorakhpur - Sonali was Rs. 43 crores, Agra - Lucknow was Rs. 216 crores, and Ghaziabad - Aligarh Rs. 35 crores. These are the major ones.
- Vijay Kumar:** And even in the last quarter we were talking about appointed date for Nagina - Kashipur and your Varanasi-Gorakhpur to be got very soon, so we have not been able to get it. So what is the issue there, sir?
- Yogesh Jain:** Actually in contract there is a condition of 90% of land, which is not fulfilled by NHAI.
- Vijay Kumar:** And the same would be the reason for your Bihar projects also, right?
- Yogesh Jain:** Yes. But Aligarh-Moradabad we have already started.
- Moderator:** Thank you very much. We have the next question from the line of Abhijeet Vora from Sundaram Mutual Funds. Please go ahead.
- Abhijeet Vora:** Sir, I joined a little late, I wanted to ask one question on the accounting changes which has led to the reduction at top-line at consolidate level. Could you help understand?

- D. K. Agarwal:** Under IndAS there have been a change in the accounting treatment. Earlier in I-GAAP when the project was under execution construction cost was being considered as intangible assets under development during construction. Under the IndAS the accounting treatment has been changed, now under IndAS contract revenue and cost is recognized accordingly the financial statements have been prepared Therefore the revenue has increased during the period when the construction is going on which has happened in the financial year 2015 - 2016, because there are three projects which were under construction in that period, namely, Kanpur highway, second is Bareilly - Almora and third one is Rebareilly Jaunpur. Therefore there was increase in revenue as appearing in financial statements restated in the IndAS.
- Abhijeet Vora:** And in balance sheet capital work-in-progress, how is that treated?
- D. K. Agarwal:** There is only a notional entry in the profit and loss account, revenue and costs recognized in accordance with IndAS
- Abhijeet Vora:** Sir, earlier also you were booking by EPC portion of the revenue and expenses, right?
- D. K. Agarwal:** Earlier we were not doing it, earlier we are only booking the capital work-in-progress(intangible assets under development) in the India GAAP.
- Abhijeet Vora:** So, you are saying earlier you were booking on milestone basis?
- D. K. Agarwal:** Right.
- Abhijeet Vora:** Whatever projects were under execution they were on milestone, now it is being booked as per percentage completion of it?
- D. K. Agarwal:** No, it is not the case. Earlier under the IGAAP , we are accounting (intangible assets under development) the capital work-in-progress, Now, under IndAS, revenue and expense are also recognized in addition to intangible assets under development during construction.
- D.K. Maheshwari:** In nutshell, earlier we were debiting to work-in-progress (intangible assets under development) and now we are recognizing revenue and cost in the statement of P&L. . Therefore, last year first half revenue has increased from Rs. 1,070 crores to Rs. 1,352 crores because of this accounting treatment changes in accordance with IndAS..
- Abhijeet Vora:** I will take it offline sir.
- D.K. Maheshwari:** Since now all our projects have been operational, therefore there is no much difference in the revenue in the current year in first half.
- Abhijeet Vora:** Secondly, what is the order book guidance you are giving for the FY17 end?

- Yogesh Jain:** We have around Rs. 6,000 crores work in hand as on date and we are expecting more work about Rs. 3,000 crores to Rs. 4,000 crores. And we are expecting Rs. 8,000 crores work in hand at the end of current financial year.
- Abhijeet Vora:** Okay. Sir, the presentation shows Rs. 5,339 crores, so remainder of Rs. 640 crores is HAM, is it?
- D.K. Maheshwari:** We have not included the HAM project although the agreement has already been signed. In case if we will add the EPC of this project of Rs. 700 crores - Rs. 800 crores, then order book will be around Rs. 6,200 crores. EPC shall be awarded in the current quarter.
- Abhijeet Vora:** So in Q4 your assessment Rs. 3,000 crores of more awards to happen?
- D.K. Maheshwari:** Rs. 3,000 crores to Rs. 4,000 crores we are expecting in remaining period of FY17'.
- Abhijeet Vora:** And one last question, in terms of the execution, what is the growth rate you are now expecting for FY17 and FY18?
- Yogesh Jain:** FY18 we are expecting around 30% to 35% growth.
- Abhijeet Vora:** And FY17?
- Yogesh Jain:** FY17 we are expecting marginal growth from last year, because of the prolonged rainy season and demonetization.
- Abhijeet Vora:** Maybe 5% sort of growth, is it?
- Yogesh Jain:** Yes, you can say.
- Abhijeet Vora:** But all the projects once you get appointed you will be able to make up next year?
- Yogesh Jain:** Yes, definitely.
- Yogesh Jain:** Our all new projects will be in full swing in next financial year.
- Moderator:** Thank you. We have the next question from the line of Nitin Arora from Aviva Life. Please go ahead.
- Nitin Arora:** Sir, just a question on the orders per say, you said that Nagina - Kashipur, Varanasi-Gorakhpur, Bhojpur, Aligarh-Moradabad, these three four projects which are there have been stuck a lot. But the question here is that is it something the authority has given you the order before acquiring the land itself of that 90% which they talked about, every state authority, because I am asking from a background because it is not only unique to your company, the guys who have taken the works in Jharkhand, UP and to an extent also in Bihar is facing the same issues.

So if you can elaborate, generally how has this big time lag comes into it, is it more to do with the land acquisition or some funding issues also you are seeing in these state level?

Yogesh Jain: Actually this all work is completely of NHAI, there is issue with the funding. The problem which was generally when NHAI reaches the 3D level for land acquiring, then it starts the bidding process at that time, 3D means land has been acquired, only the cost of the land has not been disbursed yet. But what had happened was NHAI has said it will pay four times of circle rate, only confusion was that NHAI had given four times of circle rate but later on circle rates got revised in some states. So this clarity was not there that four times is to be given of the revised circle rate or not, the local farmers were asking four times of the new circle rate. First process got changed, then NHAI headquarters gave approval and now everything is in line. The disbursement has been done so projects like Aligarh-Moradabad, we have already been started

Nitin Arora: Sir, if you do the monthly billing run-rate for these four projects for the work that you had to do actually with respect to the authority, can you share that number, what was the number in FY18 of this 3,150 crores of order work of these four projects, actual billing run rate in FY18?

Yogesh Jain: Monthly will not be possible to give, till appointed date is not there till then we do not consider it that much, but you can consider Rs. 100 crores to Rs. 125 crores per month.

Nitin Arora: Sir, with respect to your Ghaziabad - Aligarh, how much would be the cash losses we will be doing at this project in the first half?

D.K. Maheshwari: Net cash loss of Rs. 43 crores.

Nitin Arora: That is at the SPV level?

D.K. Maheshwari: Yes, SPV level.

Nitin Arora: And how much we are expecting for the whole year?

D.K. Maheshwari: It should not be much because as was told earlier, from 1st January our toll will increase by 20%, so we are expecting it will be around Rs. 50 crores - Rs. 55 crores in this entire year.

Nitin Arora: Sir, another question lastly from my side, let's say UP because of the coming elections will go for the code of conduct, any other states are we looking because we have been largely remained centric towards Bihar and UP, but any other states in terms of your new bids which you will evaluate and take new projects in, because your state itself will remain silent at least for the six to eight months.

Yogesh Jain: NHAI invited bids for five project totaling cost of Rs. 3,300 crores, these projects are basically in Punjab, Haryana and Gwalior, Jhansi. One project in UP also, Dasna - Meerut. And the MORTH also invited bids through MSRDC, these are 72 EPC projects costing about Rs. 23,500 crores. So here also we are targeting these MSRDC projects also.

- Moderator:** Thank you. We have the next question from the line of Adhidev Chattopadhyay from Ekmay Global. Please go ahead.
- Adhidev Chattopadhyay:** Sir, firstly, you have mentioned in your presentation and because of this monsoon there were some damages to the places where we are doing works, have you booked any losses in our P&L or you have adjusted in the balance sheet? Could you give some clarity on that.
- D.K. Maheshwari:** We have claimed it for the insurance company.
- Adhidev Chattopadhyay:** And could you just quantify what would be the overall amount across projects?
- D.K. Maheshwari:** It was not much more actually, in all three - four projects it is around Rs. 3 crores to Rs. 4 crores. We have already lodged the claim to insurance company.
- Adhidev Chattopadhyay:** Sir, then your Ghaziabad - Aligarh now are we looking to do the refinancing for the project now since now you will be getting mostly entire tolling on that,
- D.K. Maheshwari:** Yes, we will start the process, we have already discussed it with two - three bankers and the existing bankers are also ready to reduce the rate from 12.3% to 10.25%, immediately after increasing the toll they will reduce and we are hopeful that by end of the financial year the rate will be 10.25%. So it may reduce by 2%, the impact will be Rs. 30 crores per annum.
- Adhidev Chattopadhyay:** Sir, so then from next year you are not seeing any more cash losses in the project overall?
- D.K. Maheshwari:** I do not think.
- Adhidev Chattopadhyay:** Sir next question on this Lucknow - Ballia project, now could you tell us what is the status of the land, means the acquisition has all the land been tied up, have all the payments been done or will it be done? Because I am just saying let's say the government changes after the UP election, so let's say we win the bids now but again some new government says that no we want to change whatever, so what is the risk?
- Yogesh Jain:** Land acquisition is going on, around 40% of land is acquired by the government already.
- Adhidev Chattopadhyay:** Sir but is funding in place, what we have heard is that they are asking Rs 1,000 crores only they had to buy the land and they are asking for some Rs. 4,000 crores - Rs. 5,000 crores from the central government to fund the balance land cost, just wanted to understand how they are going to go about the funding if you have any idea on it?
- Yogesh Jain:** They may be taking loan from HUDCO and also securitized the Agra - Lucknow project's toll revenues.
- Adhidev Chattopadhyay:** So the terms of the contract cover, let's say the government again changes but no terms of these would change, is it the right way to look at it or there is some risk on that?

- Yogesh Jain:** These terms are all approved by the cabinet also.
- Adhidev Chattopadhyay:** So you do not foresee?
- Yogesh Jain:** No.
- Adhidev Chattopadhyay:** And sir with this UP elections coming up, a lot of projects which are about to start now are in UP, because the election is due do you anticipate some slowdown in the execution and all let's say in the first six months of the next calendar year, 2017?
- Yogesh Jain:** Mostly projects are from NHAI and MORTH, so except Lucknow - Ballia I think all projects will be awarded, there will be no impact of the elections as all the projects are either of MORTH or NHAI, except Ballia.
- Moderator:** Thank you. We have the next question from the line of Abhinav Bhandari from Reliance Mutual Fund. Please go ahead.
- Abhinav Bhandari:** Sir, I had two questions on these new projects where work has not started. One is, have we mobilized any sites out of these four projects that we talked about?
- Yogesh Jain:** In case of Nagina – Kashipur, we are fully mobilized, camps have been placed, all are working, design works are going on and two of our structural teams are also mobilized there in Nagina - Kashipur. In Aligarh-Moradabad work has started, there is no problem there. And in Varanasi-Gorakhpur also both camps have started, design has started, there is no issue there. And we are already setup in Bihar. So our mobilization is complete almost everywhere.
- Adhidev Chattopadhyay:** And sir, now could you tell us the status in terms of how much land may have come in the projects with NHAI or with us?
- Yogesh Jain:** For both the projects in Bihar, around 50% land is available there. And Varanasi-Gorakhpur position can be better may be within this week, anyways 60% land is available as on date because there are two bypasses, so if we get both the bypass then 80% - 90% already gets done, so we can start the work there. In Nagina - Kashipur also there are 56 kilometers of bypasses; as soon as we get the bypasses, the land acquisition will get almost completed and we have already entered into the bypass. So I think in that also 50% land will be available by end of this month that will also get started.
- Adhidev Chattopadhyay:** And sir, as per the agreement because so much time has already gone by and we have got only 50% - 60% land, contractually if we want can we go or move out of these projects, any of the cases in Bihar or Aligarh or in Varanasi?
- Yogesh Jain:** Contractually we can move out but there is clause of penalty also, around 1% of penalty of the cost in case of delay; penalty is with respect to the time, maximum to 1%.

Adhidev Chattopadhyay: 1% of the project cost, is it?

Yogesh Jain: Yes.

Adhidev Chattopadhyay: So will be get this in all the projects or...?

Yogesh Jain: Yes, we will get, as they are getting delayed, so we will claim those.

Adhidev Chattopadhyay: From NHAI and is there any possibility that any of these projects may get cancelled from their end itself, because eventually they may give up that land acquisition is not happening on any of these projects?

Yogesh Jain: No, these project are in advance stages so there is no question about it here.

Adhidev Chattopadhyay: In Bihar?

Yogesh Jain: In Bihar also this is not needed because there also we are in the advance stage. Because NHAI was saying that you start the work because we have this much land available, but then we thought there will no be pressure so we will go ahead with the work and by then this demonetization and other things will also get cleared. Because we have aggregate stocks in the camps, even where working is to be done there aggregate stock is there. So you can say that we have advanclly mobilized there and suppose if it takes two years to complete the work then we are planning that we will complete it in one and half years. And we had renovated the machinery as well so that we could complete it within time, around Rs. 200 crores new machinery we have purchased.

Adhidev Chattopadhyay: Okay. Sir, because of the delay that we have seen across all these projects, is there anything now in terms of learning that we will implement, either we are thinking of not going to specific states like Bihar and all, are there any such thought process? And what is the strategy so that this does not happen again in the future?

Yogesh Jain: Actually, the policy change that government did, four times of circle rate, because of that policy there has been a lot of delay. No doubt the processt was in a very advance stage, when we had surveyed then 3D had already happened there, after 3D the government can give rent if its acquired compulsorily. When we had bid at that time this was the position. So such position is in few projects where we should get the land immediately in two months, but what happened there was state governments revised the circle rates to four times, so they revised the circle rates but the files moved by old circle rate, and so it went to NHAI headquarters for approval of it. The local farmers were not ready to take four times of old circle rate, they wanted four times of new circle rate. Then the file came back, then four times of old circle rate was changed to new circle rate, then it went again and so it took a lot of time. So this was the government's new policy which we were expecting that problems will not be there.. Going ahead things will happen faster, farmers are ready to give their land as per the new rates , many disbursements

have also happened, out of disbursement of Rs. 500 crores around Rs. 300 crores has already been done.

Adhidev Chattopadhyay: Sir, by worst case by March end you should get 100% land, right?

Yogesh Jain: Yes. At least 90% should be there, if 2% - 3% is left out it would not affect the work, we can get it covered during the work.

Adhidev Chattopadhyay: And this 1% penalty that you talked about, this will get reimbursed to you after the project is completed or at which state will it reimburse?

Yogesh Jain: When the project will start then we will submit our bill. We will submit it at the start itself, now whether they give it before or afterwards, but in the contract is should be given immediately.

Moderator: Thank you. We have the next question from the line of Alok Deora from IIFL. Please go ahead.

Alok Deora: Actually just a couple of questions, sir you mentioned about Rs. 3,000 crores of order inflow, but even if we see till date figures it is nearly Rs. 1,300 crores - Rs. 1,400 crores which we have witnessed and also we are not head-on in any of the projects currently. So how comfortable are we with this kind of number, or is there a significant downside risk? Because even at the industry level the order awarding has been quite sluggish than what the initial expectation was.

Yogesh Jain: Now the current opportunity in hybrid sector is very high, there are so many tenders due in December month; NHAI invited bids for five projects which amounts to around Rs. 3,300 crores, MSRDC is also calling 72 EPC projects amounting to Rs. 23,500 crores. So the total bidding opportunity of 89 live EPC projects is around Rs. 41,000 crores in next quarter.

Alok Deora: But so are we majorly targeting the hybrid ones or are we looking at ...?

Yogesh Jain: In hybrid also we are targeting four bids that is around Rs. 8,400 crores.

Alok Deora: And sir, the revenues which we have achieved in the second quarter, it is purely based on the execution, it is not on any bonus received from previous projects or anything of that sort, it is purely execution revenues?

Yogesh Jain: Yes, pure execution.

Alok Deora: And just one last question, actually we have been hearing from the market that some of the companies have been facing certain issues related to financial closure for the hybrid projects. So, have you come across that because since it is a new business model the banks were slightly reluctant, that is the indication which we have received and even couple of projects have been cancelled in that regard. So just your input on that?

- D.K. Maheshwari:** We have already received the in-principle sanction from our four bankers with a good commercial rate, so we are expecting that well before time we will achieve.
- Moderator:** Thank you. We have the next question from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** A couple of questions. Sir, at the end of Q2 FY17 what was our total loans that we had given to our subsidiaries?
- D.K. Maheshwari:** By September 2016, right?
- Parvez Akhtar:** Yes.
- D.K. Maheshwari:** Mainly it was given to Narela Industrial Estate, it is around Rs. 57 crores.
- Parvez Akhtar:** Sir, this is for Narela or Ghaziabad - Aligarh?
- D.K. Maheshwari:** In Narela. In Ghaziabad - Aligarh whatever we have given has been transferred to the warrant in June.
- Parvez Akhtar:** Sir, what is that amount then?
- D.K. Maheshwari:** Warrant amount is Rs. 110 crores, including interest which was accrued up to 30th of June.
- Parvez Akhtar:** So this is in addition to whatever equity that we had put in it?
- D.K. Maheshwari:** Yes, my equity was Rs. 67 crores, that is in addition to that.
- Parvez Akhtar:** And sir, what was the consol debt at September 2016?
- D.K. Maheshwari:** It was Rs. 1725 crores.
- Parvez Akhtar:** And standalone I guess was Rs. 14 crores?
- D.K. Maheshwari:** It was only Rs. 14 crores, that is only for purchasing of the equipment; finance and NBFC loans.
- Parvez Akhtar:** Sir, I am not sure if I have missed it, but when do we expect to achieve the financial closure and get the appointed date for the HAM project?
- D.K. Maheshwari:** By end of this financial year i.e in March we will get it. Although we are having the sanction, within one month we will get the sanction from the bankers but we will get the appointed date on due date only because our meter will start. So we will take on the due date only.
- Parvez Akhtar:** Which in March 2017?

- D.K. Maheshwari:** Yes, it will be in 8th April because we have signed concession agreement on 8th of November with a five months period for financial closure.
- Parvez Akhtar:** And sir, what is the CAPEX that we have done in first half and what is the guidance for the full year?
- D.K. Maheshwari:** Actually last year my CAPEX was Rs. 431 crores gross block, this year in FY17 we are purchasing around Rs. 200 crores - Rs. 220 crores CAPEX, mainly it is concrete paver, we are purchasing four pavers for concrete roads and some other machineries. Total CAPEX will increase by Rs. 220 crores basically for six new projects.
- Parvez Akhtar:** And what have we already done in the first half?
- D.K. Maheshwari:** First half it was not more, it will be around Rs. 35 crores - Rs. 40 crores. We have placed an order in first half but the delivery of the machine will be in second half.
- Moderator:** Thank you. We have the next question from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, continuing on the CAPEX, so for next FY18 then the CAPEX would be how much?
- D.K. Maheshwari:** It should not much more, it will be around Rs. 30 crores - Rs. 35 crores, which will be routine because major machine we are purchasing in FY17.
- Shravan Shah:** And sir, this HAM project in terms of EPC value it will be added to order book would be how much?
- D.K. Maheshwari:** It is around Rs. 750 crores.
- Shravan Shah:** And sir, all these four projects where the work has not started, Nagina, Varanasi and Bihar projects, now the cost of project will remain the same or will it increase and what is the process?
- D.K. Maheshwari:** Basic cost of project will remain same but escalation clause is there in all the projects..
- Shravan Shah:** So, as and when we will be doing execution we will keep on whatever the escalation, because already more than one year has passed, so...
- D.K. Maheshwari:** We will get escalated amount.
- Shravan Shah:** So, in terms of the margin level we do not expect any dip on the margins, we will continue to maintain 13% - 14% margin?
- D.K. Maheshwari:** Yes, we will continue to maintain around 13% margin.

- Shravan Shah:** And the tax rate once again just wanted to reiterate, last time also we said, so this 2017 we will be having close to 5% - 7% tax rate in next FY18 it will be 20% - 22%?
- D.K. Maheshwari:** Yes.
- Shravan Shah:** And on the working capital, now once these projects will start so do we expect an increased requirement of the working capital?
- Yogesh Jain:** We are also entitled to get the interest free mobilization advances from all these projects in this financial year which is 10% of contract value.
- Shravan Shah:** And sir lastly, in presentation we have mentioned Agra - Firozabad the unexecuted value is Rs. 406 crores and you said the execution in 2Q is Rs. 216 crores, so if compared to first quarter it was Rs. 523 crores, so it was Rs. 117 crores. So, just wanted to understand this Rs. 406 crores remaining entire revenue will be booked and the third quarter?
- D.K. Maheshwari:** Yes, about Rs. 350 crores will be booked in third quarter.
- Shravan Shah:** And the bonus 6%, that is intact and when we expect it to receive by March or on the next quarter Q 1 FY 2018?
- D.K. Maheshwari:** We are expecting in FY'2018
- Moderator:** Thank you. We have the next question from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.
- Subramaniam Yadav:** Sir, just to check on the bonus component on the Raebareli-Jaunpur project because you are expecting the bonus from along with the annuity, so did we receive it?
- Yogesh Jain:** The file is in head quarters, I would say we should receive this bonus By Jan'17
- Subramaniam Yadav:** In Jan'17
- Yogesh Jain:** Yes.
- Moderator:** Thank you. We have the next question from the line of Devam Modi from Equirus. Please go ahead.
- Devam Modi:** Sir, based on various interactions with toll developers we have seen a hit of anything between 7% to 15% in the year-on-year traffic post demonetization. What kind of impact has been there on our roads?
- Yogesh Jain:** We are expecting some 10% down in traffic.
- Devam Modi:** This you are saying for from say December to March?

- Yogesh Jain:** You can say it should be, December to January I think.
- Devam Modi:** And how will the situation in Kanpur - Ayodhya be treated, because that particular is a toll collection contract, so because of this reduction in toll which will happen, does it directly impact our profitability on the context or how does it work?
- Yogesh Jain:** in The collection of OMT package is around Rs. 70 lakhs to Rs. 71 lakhs per day, but earlier it was in the same period Rs. 75 lakhs - Rs. 76 lakhs per day. So, we feel it will be normal after January
- Devam Modi:** So, you are saying there has not been a major hit on this particular stretch from the demonetization thing?
- Management:** Yes, there will not be much, or say the impact is around 5% to 6% reduction....
- Yogesh Jain:** 5% to 6% reduction in traffic for three months.
- Devam Modi:** And sir, the warrant infusion in Ghaziabad - Aligarh which was mentioned, will it lead to an increasing your stake over there?
- Management:** Pardon?
- Devam Modi:** The warrants that you have taken in Ghaziabad - Aligarh would it lead to an increase in your stake in Ghaziabad - Aligarh going ahead?
- D.K. Maheshwari:** No, everybody has infused the money based on their ratios.
- Devam Modi:** Everybody has pro rata infused the money.
- D.K. Maheshwari:** Yes, on the pro rata basis.
- Devam Modi:** And finally, sir given our current machinery base plus what we are expanding, we will be almost Rs. 550 crores to Rs. 600 crores of machinery and equipment. So, typically how many sites do you expect to handle during this, because right now we are taking several orders of Rs. 100 crores - Rs. 200 crores as well, especially in U. P. So, how many sites you can spread across using the entire machinery base.
- Yogesh Jain:** Exactly ratio is around five to six times
- Devam Modi:** Yes, so you are saying your gross block can leverage five times to six times in number of asset terms?
- Yogesh Jain:** Yes. So with this capex, we can execute the work around Rs. 3,500 crores comfortably.

- Devam Modi:** So, what is the number of sites you will be comfortable with basic question, like would it be like around say Rs. 300 to Rs. 400 crores average sites or nine sites to ten sites or something like that?
- Yogesh Jain:** Around 18 - 20 sites.
- Moderator:** Thank you. We have the next question from the line of Abhijit Vora from Sundaram Mutual Fund. Please go ahead.
- Abhijit Vora:** First question is on this bonus payment which you are expecting to receive, apart from Raebareli-Jaunpur any other bonus you expect to receive this current year and also what is the amount, sir?
- Yogesh Jain:** In addition to the bonus, we have received the arbitration in third quarter of Rs. 14 crores which will reflect in the revenue of third quarter.
- Abhijit Vora:** What is the bonus amount sir in Raebareli-Jaunpur?
- Yogesh Jain:** Raebareli bonus amount will be around Rs. 36 crores.
- Abhijit Vora:** This you will get in Q3 or Q4?
- Yogesh Jain:** Q3. In case if it is received in third quarter.
- Abhijit Vora:** And also, one more thing is you have mentioned that aggregates have been already stocked in the sites right, where work will start now for new projects. This will appear as inventory is it?
- D.K. Maheshwari:** Yes, it reflects in inventory.
- Abhijit Vora:** Because inventory is not significantly different compared to the past.
- D.K. Maheshwari:** Pardon?
- Abhijit Vora:** No, I am saying if you are taking up more sites then your inventory should go up, right, but it is not significantly different from the past, past also it is about Rs. 230 - Rs. 240 crores.
- D.K. Maheshwari:** So, it will be in the range of Rs. 250 crores to Rs. 300 crores.
- Abhijit Vora:** Yes, sir, but my question is if the new projects to the extent of Rs. 2000 crores will start execution, and we have stocked aggregates to execute that project, your inventory should grow up much more, right, it has not yet gone up.
- D.K. Maheshwari:** It will be reflected in Q3.
- Abhijit Vora:** Okay. After September you have stocked?

- Management:** Yes.
- Abhijit Vora:** Okay. And the execution you are saying will start most probably by January is it, January - February?
- Management:** Yes, January.
- Moderator:** Thank you. We have the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, in this quarter our toll has dropped in all the projects, is it just because of monsoon or is there any other impact?
- Yogesh Jain:** Mainly because of monsoon.
- Yogesh Jain:** In our Kanpur - Ayodhya project there is a Yamuna Bridge which is connected above our road, but it is not part of our project. There was some problem in it, so traffic was stopped for one month, the traffic was diverted from there. Because of which the heavy traffic, there are two toll plazas, in there, there was heavy traffic on one toll plaza there was not traffic in other one because of which Kanpur - Lucknow - Ayodhya same traffic goes this traffic same traffic so it was affected a little there. And one bridge here in Gwalior - Bhind the project: , after our stretch ps here also one bridge was affected in rainy season, approximate one month's traffic was diverted in that also. For same period the toll collection of Rs. 27 lakhs -- Rs. 28 lakhs came down to Rs. 6 lakhs - Rs. 7 lakhs per day.
- Parikshit Kandpal:** But what is the status as of now?
- Yogesh Jain:** No, that has been sorted out and is going on normal now. That happened for one month in the rainy season.
- Parikshit Kandpal:** And sir, secondly, in second-half you are going to do almost Rs. 1080 crores, so at present our standalone debt is Rs. 14 crores, so by the year end what kind of debt number we are looking at? Because this is one thing, plus you have given warrants of Rs. 110 crores so those warrants will come back as well. So net, net what will be the status of debt by the year end?
- D.K. Maheshwari:** Debt, actually the machinery which we are purchasing, mostly we are financing on 90% finance. So working capital loans will not increase but the machinery loan it should increase around Rs. 100 crores.
- Parikshit Kandpal:** So, Rs. 100 crore we are increasing
- D.K. Maheshwari:** Yes



- Parikshit Kandpal:** And till next year when we will fully step up the execution 30% - 35%, so how much our working capital debt can increase by next, we may not use the machinery so much but how much could be the working capital debt which will be there?
- D.K. Maheshwari:** For all these new projects we have not taken mobilization advance. Aligarh - Moradabad, the two projects of Bihar and Varanasi - Gorakhpur and Nagina - Kashipur, we have not taken advances as of now. So, as and when we will start the project then we will take the advances up to 10%, I do not think much working capital should increase
- Parikshit Kandpal:** No, because I think last two quarters we were saying that Rs. 200 crores - Rs. 300 crores can be our debt on working capital side by year end, so at present we do not require...
- D.K. Maheshwari:** If our projects started earlier then there would have been a little bit increase but now we can take advance so debt can be Rs. 150 crores to Rs.200 crores. .
- Parikshit Kandpal:** So, next year Rs. 150 crores - Rs. 200 crores can happen our debt?
- D.K. Maheshwari:** Yes, you can consider that.
- Parikshit Kandpal:** Sir, last question, the warrants of Rs. 110 crores which you have given for the loss funding of Ghaziabad project, so in Ghaziabad firstly 20% will be the hike which you take by this month end, so overloading charges will be 40 lakhs, what is now, it is running on Rs. 40 lakhs per day...?
- D.K. Maheshwari:** Presently toll is Rs. 42 lakhs - Rs. 44 lakhs, as we have started overloading on one toll, its impact is coming Rs. 2.5 lakhs to Rs. 3 lakhs per day. When overloading of second toll will start and after increase the revenue of 20 Km stretch our toll revenue will increase to over 52-55 crore. Payment of warrants will happen only when we will do the re-financing, we will increase our debt, we are in talks with two to three lenders, they are waiting for achievement of the full COD. Immediately after COD we will repay to existing bankers. We may go with 5/25 financing scheme.
- Parikshit Kandpal:** Anything else can come more than this or only Rs. 110 crores will come only?
- D.K. Maheshwari:** We expect interest @ 14% p.a. in case cash flow permit in addition to Rs. 110 crores.
- Parikshit Kandpal:** But now in every quarter we will do around Rs. 2.5 crores to Rs. 3 crores as interest income.
- D.K. Maheshwari:** No interest income on the amount infused in GAEPL as presently in the warrant, condition is such that if cash flows permit then only they will provide the interest provision or otherwise they will pay at the time of the repayment.
- Parikshit Kandpal:** But are we taking the impact

- D.K. Maheshwari:** No, we are not considering.
- Parikshit Kandpal:** Okay, from this quarter we are not considering?
- D.K. Maheshwari:** We have considered only up to 30th June.
- Moderator:** Thank you. We have the next question from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Sir, just continuing with the previous question, so in this quarter we have other income in standalone, we have some Rs. 10 crores, so what is in it, what is included in this?
- D.K. Maheshwari:** Other income, right?
- Ashish Shah:** Yes, sir.
- D.K. Maheshwari:** Actually, we have FDR in this quarter. The money of IPO and surplus funds we have done in of FDR, in that we have got interest..
- Ashish Shah:** So, you are saying that whatever is accrued interest on FD is there you have taken this time, means after FD is matured so from that you have taken the amount with interest.
- D.K. Maheshwari:** Right.
- Ashish Shah:** For the period.
- D.K. Maheshwari:** Yes, secondly, the loan we have given to Narela, we are charging the interest @12%, so that also included in other income.
- Ashish Shah:** So, sir from third quarter this amount should not repeat because this FD interest that is there, similar amount will not come in 3Q, right?
- D.K. Maheshwari:** Yes, in third quarter it will not come, because in second quarter we have a lot of FDs; as FDs have reduced a bit.. so other income will reduce to that extent..
- Ashish Shah:** Sir, this mobilization advances yet to be taken is about Rs. 350 crores you said, right?
- D.K. Maheshwari:** Yes, it is 10% of the project cost.
- Moderator:** Thank you. Ladies and Gentlemen, that was the last question. I would now like to hand the floor over to Mr. Vibhor Singhal for closing comments. Thank you and over to you, sir.
- Vibhor Singhal:** Thanks, Aman. We would like to thank the management of PNC Infratech for giving us the opportunity to host the conference call and answering investor queries. Thank you so much, sir, and wish you all the best for the remaining half of the year and beyond.



Moderator: Thank you very much.

Yogesh Jain: Thank you everyone for your participation in our earnings call. Thank you very much.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Phillip Capital (India) Pvt. Ltd., that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.