



**“PNC Infratech Limited
Q1 FY 23 Earnings Conference Call”**

August 10, 2022

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Dolat Capital



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MODERATOR: **MR. SHRAVAN SHAH - DOLAT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the PNC Infratech Limited Q1 FY23 Earnings Conference Call hosted by Dolat Capital. 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 touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shравan Shah from Dolat Capital. Thank you and over to you, sir.

Shравan Shah: Thank you, good afternoon, everyone. I would like to welcome you all for Q1 FY23 results Conference Call of PNC Infratech Limited. We thank the management for giving us the opportunity to host the call. We have senior management team of PNC Infratech with us. I congratulate the entire team of PNC Infratech for robust performance in Q1 FY23, without wasting much time. I would now hand over the floor to Yogesh sir for opening remarks and then we can have a Q and A session, over to you, sir.

Yogesh Kumar Jain: Good afternoon, everyone and a very warm welcome to all of you present on the call, to discuss our financial results for Q1FY23.

Today along with me, I have Mr. T.R. Rao, Director (Infra), Dr. Bupinder Sawhney, Chief Financial Officer and Mr. D. K. Maheshwari, Vice President (Finance) and Strategic Growth Advisors - our Investor Relations Advisors.

First, I will share my thoughts on a few sectoral highlights which will be followed by financial and operational highlights of the Company.

The pace of highway construction in Q1 of FY23 in the country slowed down and stood at 22 km a day compared to 25 km a day on Year-on-Year basis due to higher input costs and early onset of monsoon in some parts of the country.

Ongoing active monsoon across the country, continuous rains, and flood like situations in some parts, expected to affect pace of construction in the first half of Q2 of FY23.

MoRTH and NHAI contemplating to reduce the upfront payment by half ,in HAM projects. In such case, 20% of bid project cost would only be paid during construction, compared to current norm of 40%.

As there would be increased private investment in HAM projects, NHAI would be able to bid out and fund higher number projects with the same capital.

NHAI is planning to award around 10% of projects on BOT-Toll mode, from its target of 6,500 kilometers in the current fiscal, with certain modifications in the contract conditions.

Now coming to the key updates of the company

The company received Rs. 37 Crore towards bonus on 20th April 2022for early completion of Purvanchal Expressway, Package 6, proving the company’s efficient execution capabilities.

During Q1, company signed concession agreements with NHAI for 6HAM Projects out of 7 HAM projects awarded to company during the Q4 of FY 22.

Concession agreement for the remaining project, four laning of Sonauli - Gorakhpur will be signed shortly.

During the quarter, the company has completed sale of its' entire 35% stake in Ghaziabad Aligarh Expressway Private Limited to Cube Highways and realized the capital.

Discussions are underway with the potential investors for monetization of other fund based projects which are already in operation, and expected to be completed during next one year.

We will keep you updated on the same, going forward.

As mentioned in the previous earnings calls, company continues to look for a calibrated diversification to maintain the growth momentum, without assuming the concentration risk.

However, our focus area remains the road sector.

At present, the company has total 24 projects on PPP mode, comprising BOT-Toll, BOT-Annuity, OMT and HAM assets.

Out of 24 projects, company has 18 HAM projects with an aggregate Bid Projects Cost of Rs. 24,590 crores.

In HAM portfolio of 18 projects, company achieved PCOD/ COD for 5 projects;6 projects are under construction and balance 7 projects are recently awarded.

In terms of equity investment, total requirement for all 18 HAM projects is approximately Rs. 2390 crores, out of which we have already invested Rs. 1029 crores till June 2022 and the balance will be invested over the next 2-3 years.

The internal accruals that would be generated over next 2-3 years should be sufficient to fund the total equity investment.

Now moving on to our order book.

The company received robust order inflow in Q4FY22.

Our unexecuted order book as on 30th June 2022 was over Rs. 20,000 crores after including 7 New HAM Projects of Rs 7,439 Crores from NHAI where the company received Letters of Award.

Out of the total order-book of over Rs. 20,000 crores, Roads EPC contracts including HAM contribute around 61% and Water & Irrigation projects contribute around 39%.

Now I would present the results for the quarter ended June 30, 2022.

Standalone Quarterly Result:

Revenue of 1st quarter of FY23 is Rs. 1,758 crore which is higher by 41% as compared to Rs. 1,251 crore in 1st quarter of FY22.

The EBITDA for the 1st quarter is RS. 258 crore which is higher by 47% as compared to Rs. 175 crore in Q1 of FY22. The EBITDA margin for the 1st quarter of FY23 is 14.7%.

The PAT for the 1ST quarter of FY23 is Rs. 167 crore as compared to Rs. 93 crore in the 1st quarter of FY22, a growth of 79% on YoY basis.

Consolidated Financials for the quarter ended 30th June 2022.

Consolidated revenue of 1ST quarter of FY23 is Rs. 2,053 crore as compared to Rs. 1,463 crore in Q1 of FY22, growth of 40%.

The consolidated EBITDA for the 1st quarter of FY23 is Rs. 518 crore which higher by 43% as compared to Rs. 363 crore for the 1st quarter of the corresponding quarter last year. The EBITDA margin for Q1 FY23 is 25.2%.

The consolidated PAT for Q1 FY23 is RS. 241 crore as compared to Rs. 118 crore in Q1 FY22, a growth of 104%.

ON THE STANDALONE BALANCE SHEET SIDE,

As on 30th June 2022, our net working cycle is 68 days as compared to 77 days as on 31st March 2022.

Our net worth on standalone basis is Rs. 3506 crores as on 30th June 2022 whereas total standalone debt is RS.300 crores

The total cash and bank balance as on 30th June 2022 is Rs. 463 crore. We have a net cash of Rs. 163 crore. This translates to net debt to equity of 0.09 Times.

On consolidated basis, our network is Rs. 3868 crores whereas total debt is Rs. 5129 crores as on 31st March 2022. The total cash & bank balance including current investments is Rs. 1048 crore. This translates to net debt to equity of 1.19 times. With this we now open the floor for question and answer.

- Moderator:** Thank you. We will now begin the question-and-answer session.
- T. R. Rao:** Before starting the question and answer just would like to declare the disclaimer clause and also safe harbor what are the discussions that will happen, including the forward-looking statements what we are going to make.
- Moderator:** Okay, so sir, you want me to go ahead with the disclaimer?
- Shravan Shah:** Yes.
- Moderator:** Okay, sir, please give me a moment. Shravan?
- Shravan Shah:** Yes.
- Moderator:** Please go ahead with the disclaimer.
- Shravan Shah:** Sir, if you speak the disclaimer that will be better from your side.
- Yogesh Kumar Jain:** If you have it readily available, you can read out the standard disclosure.
- Shravan Shah:** Okay, I do not have it readily available.
- Moderator:** Okay, sir I will just read it out. 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 risk and uncertainties that are difficult to predict. So, sir, can we go ahead with the questions?
- Yogesh Kumar Jain:** Yes.
- Moderator:** Okay, so the first question comes from the line of Bharani Vijay Kumar from Spark Capital, please go ahead.
- Bharani Vijay Kumar:** Yes, good morning, sir. Regarding this MORTH and NHAI's contemplation to reduce their contribution in HAM projects from 40% to 20%, how is the contracting and the developers

like you onboard for this, would your aggression in bidding going forward, would it be the same given how the equity outflow would be higher from our side?

- T. R. Rao:** First of all, see whatever bids we secured, they are not aggressive per se, so they are all well calibrated rates what we had done and the second thing is 20% more funding to be done. So this will effectively result in only another 5% kind of equity because we have to get the debt for that remaining 20%, what we have to fund. So we should be able to fund those kind of equity requirements, even if NHAI goes for the 20% kind of amount, because earlier also we bid for a conventional annuity project wherein we used to put 100% of our entire funding from our side.
- Bharani Vijay Kumar:** So you don't foresee any issues from our side?
- T. R. Rao:** Yes, Yes, we don't foresee any major challenges in funding these projects.
- Yogesh Kumar Jain:** This will go just like similar to annuity projects?
- T. R. Rao:** Yes, Yes, conventional annuity projects.
- Bharani Vijay Kumar:** Okay, the second question is on land acquisition status for the projects recently awarded to us, the seven projects where there is not appointed dates declared yet. So what would be the 3G land acquisition status there and when do you expect these appointed dates, sir?
- T. R. Rao:** Out of 7 projects for 5 projects already 3D completed up to 80% and also then awards have been made under 3G and the distribution is under progress under 3H and 2 projects up to 60% awards have been made under 3G and distribution is progress under 3H. Since we have 5-months' time post signing of the agreement, both sides what we expect the sufficient length of land will be available at the time of declaration of appointed date and we don't foresee a major concern in that.
- Bharani Vijay Kumar:** Sure, sir, thank you and all the best.
- Moderator:** Thank you. The next question comes from the line of Mohit Kumar from DAM Capital, please go, sir.
- Mohit Kumar:** Good morning, sir and congratulations on very, very good quarter. So my first question is on the margin. So good margins have improved in this quarter, but last Q4 there was margin compression given that the import inflation is easing can we expect to go back to 14% margin for the fiscal?
- D. K Maheshwari:** Actually in this first quarter the EBITDA margin is 14.66% and if we exclude the bonus of INR 37 crore it's come to INR 12.83 crore and if we exclude the bonus and EPE business where there is a collection of INR 104 crore and margin only of 2%, then the operational EBITDA margin is 13.5% of this quarter.
- Mohit Kumar:** No, I'm asking about expectation for the FY23, can we expect the margin going back to 14 to 14.5% given that the inflation is also easing now, right? Is that a fair assumption?
- Yogesh Kumar Jain:** It will be 13.5%.
- Mohit Kumar:** Understood, sir. Secondly, sir, you alluded to diversification of the order-book, of course we has a large order-book for UP and do you mean geographically or sectorally you want to diversify the order-book and apart from water, is there any segment which you think you can build upon in the next 3 years?
- T. R. Rao:** See, what we are looking at the diversification, the areas which will have a synergy with the current operations and water, of course, see, we are looking at the opportunities in the water sector, so if new further opportunities come, so we will pursue those opportunities and as of now, other than water and of course some kind of canal or irrigation projects apart from the road projects now presently, we are not looking at any other specific sector to diversify into.

And of course, geographically, we are always ready to take up the projects across the country should there be a good project opportunity.

Mohit Kumar: Lastly, sir, can we expect the completion of monetization of this fiscal, at least one of the BOT or HAM?

D. K. Maheshwari: As regards monetization, we have retained a strategic advisor and discussions are underway with the potential investor for monetization of the few other fund based projects and we will keep you updated on the same going forward, discussions are going on with the potential investor.

Mohit Kumar: Understood, sir, thank you and best of luck, sir.

Moderator: Thank you. Next question comes from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi sir, congratulations on a good quarter. My first question is on the JJM project, so if you can tell us what was the execution of the JJM?

T. R. Rao: So far, under JJM, we booked a revenue of around INR 250 crore that includes INR 108 crore revenue what we booked during the last financial year and we also done work on another INR 150 crore, that revenue would be booking during the month of August. So I can say around INR 400 crore value of work done till now under the JJM sector.

Parikshit Kandpal: Most of the other companies are doing good execution in JJM but somehow we have not been able to catch up and these orders are like very old in the order-book now. So if you can just spell out for this year how much of revenue can be booked from the JJM orders and also the outstanding order backlog from the JJM.

T. R. Rao: See, as you know, we secured projects under three different phases. First phase is a small surface water, which is around INR 250 crore and the phase two we have around 1600 gram panchayat with around INR 3,500 crore kind of a thing and then phase 3 we have another 1500 that is also in the similar kind of a thing. But so far, the DPRs for 702 GPs approved, and the cover agreement signed with a worth of INR 1,552 crore. So the total order-book, I would say, which is executable order-book, INR 1,552 crore plus phase 1 is another INR 250 crore, total we have an order book of INR 1700 crore, I would say that is a practical order backlog, out of these INR 1700 crore we executed around INR 400 crore worth of projects work done now. Going forward then we should able to execute anything between INR 1200 crore to INR 1500 crore during the current financial year.

Parikshit Kandpal: Okay, and in the total INR 20,000 order-book, how much is value of the JJM orders in that order-book?

Yogesh Kumar Jain: Almost 30%.

T. R. Rao: No, 39%, it comes around 39% of two.

Yogesh Kumar Jain: Canal.

T. R. Rao: Including canal, yes.

Yogesh Kumar Jain: That is almost 30%.

T. R. Rao: Yes. 35%.

Parikshit Kandpal: Sir, you were saying that only INR 1700 crore worth of order is right now executable, but you are saying in the order-book about INR 6000 crore is the value of the project, so balance, 6000 minus 1700, so that is not executable as of now, right?

- T. R. Rao:** Yes, see, but now they're progressively approving this DPR and another INR 1000 crore worth of DPRs are going to be approved before the end of the calendar year and a total INR 1500 crore worth of projects will be approved during the current financial year so then the executable work would be around INR 3200 crore and the remaining they would be approving during the next financial year.
- Parikshit Kandpal:** Okay. This last question is around the AP project, if you can just tell us what is the progress and what is the total book outstanding and what was the revenue book for this contract?
- T. R. Rao:** AP?
- Parikshit Kandpal:** AP irrigation project, what is the total revenue book during the quarter? And what is outstanding on the book?
- T. R. Rao:** See AP is actually contract value is INR 1000 crore.
- D. K Maheshwari:** Actually we have done the work till as on date is INR 150 crore till date, because certain projects are not partly complete in June and not be booked in the June, it was a WIP and till date around INR 150 crore deal executed and remaining INR 850 crore is outstanding as on date.
- Parikshit Kandpal:** Okay, sir, because there is no movement on this project also, sir and water projects have been very sluggish for us from the execution time and last quarter of execution is only coming from roads and though water starts contributing, then the revenue can actually ramp up significantly. So just wondering why there is no movement on these water order-book.
- Yogesh Kumar Jain:** No, no, in water total payment received under phase 1 and phase 2, we have received INR 377 crore including mobilized advance and work done is around INR 300 crore, we have received payment.
- Parikshit Kandpal:** Okay.
- T. R. Rao:** So this year and the last year INR 100 crore, so INR 400 crore kind of work we have done.
- Parikshit Kandpal:** The payment is fine, but execution is not ramping up, so is it because the government approvals are a little delayed and that's the reason why we have not been able to ramp up execution here? I wanted to understand that.
- Yogesh Kumar Jain:** It is DPR work, so you cannot see it through award, but it will become DPR and after becoming DPR it starts, so the work starts in 6 months.
- Parikshit Kandpal:** And out of INR 1500 crore, you have done INR 400 crore.
- Yogesh Kumar Jain:** Yes, so it is a different type of project in itself, we have to make DPR after award, generally in projects we make DPR before, so just like when we do HAM/BOT project, we design it and prepare it, and it takes 1 year for the turnover to come in, so in similar line we are working here also.
- Parikshit Kandpal:** If inflation increases, then you said only 60% would be passed, so balance 40% will be kind of a fixed price, so then there is too much of delay so that could hit our margin.
- Yogesh Kumar Jain:** There is escalation clause in it for maximum part work, but otherwise it is civil work, so it is not a problem.
- Parikshit Kandpal:** Okay, thank you, sir.
- Moderator:** Thank you. Next question comes from the line of Jayesh Gandhi from Harshad Gandhi Securities. Please go ahead.

Jayesh Gandhi: Congratulations on a good set of numbers. Sir, actually I have recently started following the company, so my questions might be not very, very particular, one question which I have is see when we get a HAM order, how much portion do we consider it as an EPC and recognize it in revenue?

Yogesh Kumar Jain: It is you can say 90% of BPC.

Jayesh Gandhi: Okay.

Yogesh Kumar Jain: 90% amount of BPC.

T. R. Rao: Up to 80% of the BPC.

Yogesh Kumar Jain: Yes.

Jayesh Gandhi: I think what I'm seeing is EPC.

Yogesh Kumar Jain: Yes, EPC is a construction cost.

Jayesh Gandhi: No, so if I'm getting INR 100 crore worth of a HAM order, EPC recognition is to what amount?

Yogesh Kumar Jain: INR 90 crore.

T. R. Rao: See INR 100 crore of typical HAM projects will roughly translate into INR 90 crore of EPC order.

Jayesh Gandhi: Okay.

Yogesh Kumar Jain: Approximately.

Jayesh Gandhi: And that we take into revenue recognition as and when it is progressing or once it is completed after that we take into revenue recognition?

Yogesh Kumar Jain: On a progressive basis.

T. R. Rao: On a progressive basis as and when physical work is done.

Jayesh Gandhi: Okay, so say for example, if a project takes 2 years, 50% is completed this year and 50% next year, so 50% we take as revenue this year and 50% next year?

Yogesh Kumar Jain: Yes.

Jayesh Gandhi: Okay, that's all from my side, sir, thank you very much and best of luck for the future.

Moderator: Thank you. Next question comes from the line of Vibhor Singhal from Phillip Capital, please go.

Vibhor Singhal: Yes, good afternoon, sir. Thanks for taking my question and congrats on great execution again. Sir, just wanted to understand, sir, I am sorry if somebody's asked this question already before, sir, given that in this quarter, we have already done almost INR 1700 crore of revenue excluding the bonus of course, what is the full year revenue that we are looking at? So in terms of guidance, what is the revenue that we are looking for revenue and for margin for the full year?

T. R. Rao: Revenue will be around 15%, the guidance growth we are looking at this year, see last year revenue we have INR 6,306 crore so it's a 15% that will be around INR 7,200 crore this year

for full year and EBITDA margin would be as our managing director told it would be around 13.5%.

Vibhor Singhal: 13.5%?

T. R. Rao: Yes, around.

Vibhor Singhal: So sir to do 13.5% given that in this quarter we did around 12.8% if I exclude the early completion bonus, so do you expect margins to pick up in the next coming quarters, either because of commodity prices coming down or what could be the reasons for that?

Yogesh Kumar Jain: This quarter EBITDA margin is 13.53% after deducting bonus and EPE margin.

D. K. Maheshwari: EPE margin, because EPE margin is only 2%, so operational margin of the road project is 13.5%.

Vibhor Singhal: So, it would remain the same in the remaining quarters.

Yogesh Kumar Jain: We are expecting the same.

Vibhor Singhal: Got it, sir. Sir, I had one more question about Jal Jeevan Mission orders we have discussed a lot. So, sir, as you rightly said, we should not look at receiving the order, after DPR is made the execution starts and after that it takes the time, so given that it takes so much time for the project execution, are we looking to continue to bid for more orders in UP or other states, do you think that such a big execution cycle, uncertainty whether the gram panchayat would approve it and how much it will do, you have to go to them in different ways for payment, do you still think that we will continue to bid for these projects?

Yogesh Kumar Jain: We are bidding in the same area where all we are working in UP and it is not a difficult work that we are having an issue. After award when DPR is made, it takes 6 months, so it is a natural phenomenon, it takes 6 months. Road sector also has the same thing, when we get BOT or something like that where we have to design, for design and financial closure also we get 6 months' time, it takes 6 months with this too. When we go to make road there too 80% of land is not available and suppose you have taken work for INR 1000 crore, for INR 800 crore land might be available and not for INR 200 crore, but it is the responsibility of the state government and directly district collector is responsible.

Vibhor Singhal: Okay, sir, right. Sir, just last question from my side. Sir, what is the development on asset monetization, we were thinking about HAM projects, that we will do, what is the status and when can we expect some good news on that front?

D. K. Maheshwari: We are expecting FY23 and discussions are underway with the potential investors.

Vibhor Singhal: Okay, so no change in that, so, the discussions are still going on and we expect that by year something would be done.

D. K. Maheshwari: Yes, we are expecting.

Vibhor Singhal: Sure, sir. Thank you, sir. Thank you so much for taking my questions and wish you all the best.

Yogesh Kumar Jain: Thank you.

Moderator: Thank you. Next question comes from the line of Dhruv Bhimrajka from Monarch AIF, please go ahead.

Dhruv Bhimrajka: Yes, my question is regard to the impairment in the Aligarh-Ghaziabad project that we took. So I wanted to understand that why did we have to book an impairment during the sale of this project?

- D. K. Maheshwari:** That impairment we have already booked in the FY22, sir. Certain challenges were there, because account was in the SMA2, we have to construct a six laning, our partners were not in a position to infuse further money in the project, that's why we have taken this decision.
- Dhruv Bhimrajka:** Okay, so that is why we took an impairment and then sold off the project?
- D. K. Maheshwari:** Right.
- Dhruv Bhimrajka:** Okay, and what is the total impairment which we took for this project? That is INR 129 crore, right in all?
- Yogesh Kumar Jain:** Total it is around INR 167 crore.
- Dhruv Bhimrajka:** Okay, so total is INR 167 crore you told?
- D. K. Maheshwari:** Yes.
- Dhruv Bhimrajka:** And last thing, what was the bonus that we received for early completion in FY22, sir?
- T. R. Rao:** FY22 we received one project, package price, INR 82 crore once we received.
- Dhruv Bhimrajka:** Okay, so total bonus for early completion in FY22 was INR 82 crore and impairment for this project overall is INR 167 crore.
- T. R. Rao:** Yes, and in FY23 first quarter we received bonus of INR 37 crore for Purvanchal package.
- Dhruv Bhimrajka:** Right, that I noted down. Okay, sir, thank you so much.
- Moderator:** Thank you. Next question comes from the line of Jiten Rushi from Axis Capital, please go ahead.
- Jiten Rushi:** Yes, good afternoon, sir. Thank you for taking my question. First, I would need the order breakup of Delhi-Vadodara Package 31, Delhi-Vadodara Package 29.
- D. K. Maheshwari:** 31 is 79 and 29 is 758.
- Jiten Rushi:** I am not asking the original order-book, sir.
- D. K. Maheshwari:** Sorry, this is 351 and 298.
- Jiten Rushi:** Okay, and sir Bhojpur-Buxar and Koliwar-Bhojpur?
- D. K. Maheshwari:** Bhojpur-Buxar is hardly INR 29 crore and Bhojpur.
- Jiten Rushi:** Koliwar-Bhojpur.
- D. K. Maheshwari:** Koliwar is only INR 7 crore.
- Jiten Rushi:** And sir Chakeri-Allahabad, sir?
- Yogesh Kumar Jain:** Chakeri-Allahabad INR 268 crore.
- Jiten Rushi:** And this OMT contract, how much is outstanding now, sir?
- T. R. Rao:** Toll collection is progressively whatever we get so there is no order backlog as such. Otherwise I think Q1 we have INR 100 and?

- D. K. Maheshwari:** We have bid at INR 369 crore, accordingly to that outstanding is Rs. 175 crore in next 6 months.
- Jiten Rushi:** Okay, so you have done good collection in this quarter and you have given the breakup of the 7 HAM projects, not the break-up, the total value of INR 7439 crore, that is the total EPC value of the 7 HAM projects, right sir?
- D. K. Maheshwari:** Right.
- Jiten Rushi:** And sir again on the JJM project, sir, what I can understand is you have done execution of INR 142 crore in Q1 and in August you'll be booking INR 150 crore of revenue in the JJM project, so basically INR 292 crore and what would be the execution or what could be the revenue booking we can expect in the balance 8 months, INR 1000 crore as you said or it could be higher?
- T. R. Rao:** It would be around INR 1000 crore in total.
- Jiten Rushi:** Sir, this is you're talking about FY23 INR 1000 crore in JJM?
- T. R. Rao:** No, FY23 would be around INR 1200 crore.
- Jiten Rushi:** And sir, what could be the exhibition for AP project now, because we have just done INR 150 crore and you were saying, you can seek and pick up an execution. What could be the execution this year then?
- T. R. Rao:** Which project, please?
- Jiten Rushi:** Andhra Pradesh canal project, sir.
- T. R. Rao:** Yes, Andhra Pradesh canal project, we have done execution of INR 150 crore till now because what happens we are able to execute only for 6 months because the remaining 6 months the water comes into the canal system, so again we resume the work in the month of January, so we'll have another 3 working months in the current financial year.
- Jiten Rushi:** So that could only contribute to another INR 150 crore.
- T. R. Rao:** Around INR 150 to 200 crore possibly during the financial year.
- Jiten Rushi:** So basically, sir in Q1 we have not done any revenue, right, sir?
- D. K. Maheshwari:** There is no revenue in Q1, yes.
- Jiten Rushi:** Sir, is it possible to give us the breakup later of the irrigation and water project separately because we can see that last quarter you had given a number of INR 7800 crore which has gone up by INR 8000 crore. Obviously there was some correction which included in this escalation, but again, the number has gone up by INR 200 crore. Is there any further change in the project cost?
- D. K. Maheshwari:** No, that was only because of the inflation, escalation, change of scope, price variation. Offline we will discuss and we will share the details.
- Jiten Rushi:** So just this water project includes 60% bought-out items and 40% civil work, right, sir. JJM project?
- Yogesh Kumar Jain:** Approximately.
- Jiten Rushi:** Sir, can you give me the toll collection breakup for the quarter?

- D. K. Maheshwari:** Total toll collection is INR 222 crore and MP highway is INR 13.9 crore, OMT project, Kanpur-Ayodhya INR 125.3 crore, Kanpur highway INR 23.3 crore, Narela INR 11.9 crore, Bareilly-Almora INR 15.3 crore and Raebareli INR 32.16 crore, total INR 222 crore, which is higher by 15% as compared to corresponding year of first quarter FY22.
- Jiten Rushi:** Right sir and sir on the equity breakup if you can give, you said the balance equity requirement, we have invested INR 1020 crore and the balance which will be invested in the next 2-3 years span, can you give us a breakup what is invested in Q1 and full year 23, 24 and 25?
- D. K. Maheshwari:** In first quarter we have infused INR 114 crore and remaining 9 months we are expecting to infuse around INR 330 crore, in FY24 around INR 480 crore and FY25 INR 350 crore.
- Jiten Rushi:** Okay and sir Capex for guidance done so far in Q1 and balance 9 months?
- D. K. Maheshwari:** Capex in first quarter is negligible but in current FY23 we are expecting around INR 100-120 crore.
- Jiten Rushi:** Sir, can you give us the balance sheet numbers, debtors, creditors, inventory, retention, mobilization advance as in June?
- D. K. Maheshwari:** Retention is INR 189 crore and advance is INR 496 crore. Debtor days is 60 days and working capital day is 68 days.
- Jiten Rushi:** Can you give the absolute number of debtors and inventory, if possible.
- D. K. Maheshwari:** Inventory is INR 626 crore and debt is INR 1163 crore.
- Jiten Rushi:** And creditors? Payables?
- D. K. Maheshwari:** INR 462 crore.
- Jiten Rushi:** Okay, so that's it from my side, I have more questions, I'll come back in the queue. Thank you.
- Yogesh Kumar Jain:** Okay. Thank you.
- Moderator:** Thank you. Next question comes from the line of Vasudev from Edelweiss. Please go ahead.
- Vasudev:** Yes, thank you for the opportunity, sir. Sir, currently, what is the order intake that we are anticipating for FY23?
- T. R. Rao:** Between INR 8000 crore.
- Vasudev:** Sorry, sir, I couldn't hear it properly, could you repeat?
- Yogesh Kumar Jain:** We expect new order to the tune of around INR 8000-10000 crore.
- Vasudev:** Okay, what would be the bid pipeline currently?
- Yogesh Kumar Jain:** It is around INR 50000 crore in pipeline by NHAI, of around 50 projects, so we are working on the same projects and the bid due dates are staggered up to 30th September 2022.
- Vasudev:** Okay, and we expect our debt levels to be in the same range, right? We don't expect it to increase.
- D. K. Maheshwari:** Leverage should expect to be in the same line.

T. R. Rao: 1.19 at consolidated level

Vasudev: Okay and this last one, we are not L1 in any projects currently, right?

Yogesh Kumar Jain: Not in this quarter.

T. R. Rao: Yes, not in this quarter and in fact the NHAI has not bid out in many projects during the Q1.

Vasudev: Yes, exactly and finally, can you give the fund base and the non-fund base limit?

D. K. Maheshwari: Fund base we are having a sanction of INR 1000 crore and non-fund base sanction is around INR 5000 crore.

Vasudev: Okay, that's it from my side, sir. Thank you and all the best.

Moderator: Thank you. Next question comes from the line of Mohit Kumar from Dam Capital, please go ahead.

Mohit Kumar: One clarification, so how much is the PAT of toll revenue on our stand-alone business and what is the EBITDA?

D. K. Maheshwari: Revenue of all SPV is around INR 222 crore?

Mohit Kumar: Sir, my question is from Eastern Peripheral Expressway that amount is getting reflected in the standalone, correct?

T. R. Rao: Yes, 1 minute, the EPE?

D. K. Maheshwari: That is INR 104 crore.

Mohit Kumar: And what is the EBITDA margin in that?

D. K. Maheshwari: Around 2%.

Mohit Kumar: Understood, sir. And secondly there is a lot of delay Sonauli-Gorakhpur the concession agreement signing, when is the concession agreement to get signed for this particular work project?

T. R. Rao: See, except the Sonauli-Gorakhpur we signed concession agreement for all the remaining fixed HAM projects. So, Sonauli-Gorakhpur also we are expecting it will be signed before end of the August post that NHAI have 5 months' time so there should not be any issue in acquisition of land at the time of appointed date, more than 80%.

Mohit Kumar: And have you received LOI for Sonauli-Gorakhpur?

Yogesh Kumar Jain: We have received LOI and we will sign this agreement within this month.

Mohit Kumar: Understood, sir, thank you, sir. All the best, thank you.

Moderator: Thank you. Next question comes from the line of Vibhor Singhal from Phillip Capital, please go ahead.

Vibhor Singhal: Yes, hi sir. Thanks for taking my question again. Sir, I just missed out on the number. What is the total equity that we have invested in? What is the equity that is left to be invested in the HAM projects?

D. K. Maheshwari: Can you repeat please?

- Vibhor Singhal:** Sir, total equity invested and totally equity left to be invested.
- D. K. Maheshwari:** Total equity to be infused INR 1361 crore.
- Vibhor Singhal:** Okay, and out of that, we have invested INR 114 crore in this quarter and INR 330 crore in the next 9 months?
- D. K. Maheshwari:** Right.
- Vibhor Singhal:** Got it, sir. Also sir, lastly, just wanted to check basically if I look at the debt number for this quarter, which is around INR 300 crore, do you believe that we could end the financial year with the same number, almost around the same number despite equity requirement for HAM projects and other things also?
- D. K. Maheshwari:** It should be in the same line almost.
- Vibhor Singhal:** It should be in the same line, sure, sir, that is all from my side. Thank you so much for taking my questions and wish you all the best again.
- Moderator:** Thank you. Next question comes from the line of Mangesh Bhadang from Nirmal Bang Equities Private Limited, please go ahead.
- Mangesh Bhadang:** Hello, sir, my question is related to the related party transactions that you have done. If you can just explain that out of the investments through related parties there have been certain others in terms of loans given to parties we are not related to, if you can highlight some of that. So what is the reason and when do you expect that money to be received back?
- D. K. Maheshwari:** In FY22, INR 30 crore was given by one of our subsidiary in the month of February that has been repaid to that subsidiary.
- Mangesh Bhadang:** And anything more that you expect going forward?
- Yogesh Kumar Jain:** No, nothing.
- Mangesh Bhadang:** Okay. That's it, thank you.
- Moderator:** Thank you. Next question comes from the line of Shravan, please go ahead.
- Shravan:** Sir, couple of things, first in terms of the fund, non-fund base limit you mentioned INR 1000 crore, how much we have utilized fund and non-fund?
- D. K. Maheshwari:** Fund based there is no utilization and non-fund based utilization is INR 2,863 crore.
- Shravan:** Okay, INR 2,863 crore. Second, sir, when we say in terms of the monetization of HAM projects we are expecting a good news by end of this year so here we are looking at five HAM and one annuity project where around INR 680 crore odd we have invested.
- D. K. Maheshwari:** We are talking about a six HAM, one annuity, one BOT, debt around INR 4700 and equity INR 940 crore.
- Shravan Shah:** Okay sir, out of the total debtors, how much is the HAM debtors?
- D. K. Maheshwari:** HAM debtor is 68%, that is INR 793 crore and EPC is INR 369 crore.
- Shravan Shah:** Okay, so HAM data remain the same, which was there at the end of March?
- D. K. Maheshwari:** More or less same.

- Shravan Shah:** Okay, second is are we expecting any early completion bonus in remaining 9 months?
- T. R. Rao:** See we are targeting for some of the EPC projects, so we'll have a better clarity post monsoon, we'll able to share during the next quarter.
- Shravan Shah:** Which project, if you can highlight the name of the project.
- T. R. Rao:** Delhi-Vadodara expressway of Delhi-Mumbai expressway package 29 and package 31,
- D. K. Maheshwari:** Just I want to add regarding the utilization of fund-based limit, there is no utilization of CC limit, but in the month of June quarter we have taken the bill discounting of INR 100 crore, this is reflecting in our debt outstanding.
- Shravan Shah:** Okay, second, you mentioned that around INR 50,000 odd crore kind of opportunity is there in bid pipeline from NHAI, 50 odd projects, how much out of that would be the HAM and EPC?
- T. R. Rao:** EPC is around 30,000 and HAM is around 20,000, so it would be in the ratio of 60:40.
- Shravan Shah:** Okay and all these still reduction in the EPC part from the NHAI from 40 to 20, so in this 50 odd projects, that is INR 20,000 odd crore HAM, this clause obviously will not be there, is there any which is already implemented or it is the same, which was previously, so now the O&M is also removed from here because that was the case where earlier the O&M, we need to bid the BPC and O&M, so here the same condition or the NHAI has removed the O&M part?
- T. R. Rao:** NHAI has removed the O&M part, it's now only we have to quote only one BPC and percentage of that BPC will be paid as O&M and the 40% will be the payment during the construction.
- Shravan Shah:** Okay, and all the seven HAM projects we said the appointed date will be there by?
- T. R. Rao:** Yes, before end of this current financial year we will get, anything between November and February/March.
- Shravan Shah:** Any specific project you want to highlight where we expect the ad by November or December out of 7?
- Yogesh Kumar Jain:** We will receive this Kanpur-Lucknow by November.
- Shravan Shah:** Okay, and rest mostly from the fourth quarter, January to March, we will be getting the appointed dates.
- Yogesh Kumar Jain:** Right.
- Shravan Shah:** I have no other question, operator, is there any other queue?
- Moderator:** Yes, we have one question.
- Shravan Shah:** Yes, please take.
- Moderator:** The next question comes from the line of Jiten Rushi from Axis Capital, please go ahead.
- Jiten Rushi:** Yes, thank you for taking my question. Sir, on the recent party transition, you said out of INR 60 crore we have received INR 30 crore, so INR 30 crore is still outstanding, right, sir?
- Yogesh Kumar Jain:** Yes, you are right.

- Jiten Rushi:** So when, when are we expected to receive that money back?
- Yogesh Kumar Jain:** By the end of this financial year we can revert back.
- Jiten Rushi:** Okay and sir you said about the monetization of assets. So you said six HAM projects, one Annity and one BOT, so total 8 projects we're looking to monetize, is my understanding, correct?
- D. K. Maheshwari:** Right.
- Jiten Rushi:** So which has a equity of INR 940 crore, what is the debt investment? Debt amount, that outstanding, sir?
- D. K. Maheshwari:** INR 4700 crore.
- Jiten Rushi:** And sir on the Mumbai-Nagpur, we have completed the project because we're expecting some bonus.
- Yogesh Kumar Jain:** We have already completed this project and we are expecting, we are trying the department so we can't say presently anything about this.
- T. R. Rao:** Yes, we can't say anything with the certainty, but we completed the project.
- Jiten Rushi:** So basically there is no outstanding right now, okay. And sir, the Aligarh-Muradabad we were supposed to receive bonus so what is the status now?
- T. R. Rao:** See, now we submitted our final bill, we expect some discussions are going on, there are certain issues there, so maybe before end of this current financial year, we'll get the clarity.
- Jiten Rushi:** And sir, any outstanding as you highlighted the outstanding base, but sir, in the order inflow guidance of INR 8000 crore to INR 10,000 crore what would be the mix between water projects and road projects, any thought on that?
- T. R. Rao:** See, no thought on that because this will depend upon how the opportunities are growing. As of now we are focusing on the road projects as mentioned by our MD, there are INR 50,000 crore worth of road projects on the anvil, so we are pursuing those opportunities, we'll be bidding those projects before end of the Q2 that is before end of September, so that kind of what will be the ratio between water and all that we would be able to tell going forward.
- Jiten Rushi:** Okay, sir, that's it for my side. Thank you and all the best, sir.
- Yogesh Kumar Jain:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Uttam Srimal from Axis Securities Limited. Please go ahead.
- Uttam Srimal:** Yes. Thanks for the opportunity, sir and congratulations on the set of numbers. Sir, you have guided for 15% revenue guidance for this year, so that comes to around INR 7000 crore to INR 7200 crore. So how would this be divided between HAM, EPC and Jal Jeevan Mission?
- T. R. Rao:** You want to say about this revenue guidance of what we are expecting?
- Yogesh Kumar Jain:** Around 80% from the road sector and 20% from the water and irrigation sector.
- Uttam Srimal:** Okay, and sir what is the current executable order-book in our orders now?
- Yogesh Kumar Jain:** Current order-book is above INR 20,000 crore.

- Uttam Srimal:** But how much would be executable during this year because we have not received appointed in several HAM projects.
- T. R. Rao:** Yes, the executable order-book is around INR 13000 crore.
- Uttam Srimal:** INR 13000 crore?
- Yogesh Kumar Jain:** Yes.
- Uttam Srimal:** Okay, sir, that's all from my side and thank you and best of luck.
- Yogesh Kumar Jain:** Thank you.
- Moderator:** Thank you. Next question comes on the line of Vasudev from Edelweiss. Please go ahead.
- Vasudev:** Thank you for the opportunity again, sir, what is the competitive intensity that you are seeing currently?
- T. R. Rao:** Compared to last year, what we see the intensity would be moderate this year because whatever the concessions given like bid security waiver, and also the dilution of the prequalification criteria with respect to turnover and network criteria, so those have been restored. So the bids have to be, now bidder have to provide the bid security and also the network criteria is also increased. So going forward, we see the intensity would be lesser than what it was last financial year.
- Vasudev:** Okay, and last thing that how much of bids have you already submitted, if you can quantify that?
- T. R. Rao:** See, as I said during Q1 very few bids floated by NHAI, so whatever bids we submitted only there are only two bids pending to be opened around INR 1000 crore worth of two EPCs bids, put together INR 1000 crore.
- Vasudev:** Okay, that's it from my side, thank you.
- Moderator:** Thank you. A reminder to all the participants, please press "*" and "1" to ask a question. As there are no further questions we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Shravan Shah for closing comments.
- Shravan Shah:** Thank you management for giving us the opportunity to host the call and thank you all the participants. Sir, do you have any closing comments?
- Yogesh Kumar Jain:** Yes. Thank you everyone for your participation in our earning call, we have uploaded the presentation of our company's website. In case of further queries, you may get in touch with the Strategic Growth Advisors, our investor relations advisors, feel free to get in touch with us. Thank you very much.
- Moderator:** Thank you. On behalf of Dolat Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.