



“PNC Infratech Limited
Q1 FY2019 Post Results Conference Call”

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Moderator: Good day, ladies and gentlemen and a very warm welcome to the PNC Infratech Limited Q1 FY2019 post results 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 the 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. Shravan Shah from Dolat Capital. Thank you and over to you Sir!

Shravan Shah: Thank you Ali. Good afternoon everyone. I and my colleague, Moulik would like to welcome all for Q1 FY2019 results conference call of PNC Infratec Limited. We thank the management for giving us the opportunity to host the call. From the management, we have Mr. Yogesh Kumar Jain – Managing Director and Mr. D.K. Maheshwari – Assistant Vice President – Finance. Without wasting much time, I would now hand over the floor to management for their opening remarks and then we can have Q&A. Over to you Sir!

Yogesh Jain: Thank you. I am Yogesh Jain. Good afternoon friends. We welcome you all to participate in our Earnings Conference call to discuss on our financial and operational performance for the quarter ended 30th June 2018. Along with me I have Mr. T R Rao, Executive Vice President (Infrastructure) and Mr. D. K. Maheshwari –Asst. Vice President (Finance) and Strategic Growth Advisors, our Investor Relations Advisors.

I’ll start with a brief on the key updates on the Industry then will discuss the Company’s performance.

Post the last year’s record project awarding, the Government has also been keen on the construction of the road projects. In its recent review of over 700 projects, MORTH has identified about 300 projects which are to be completed in 2018-19 and the construction target for NHAI has been revised upward to 6,000 KMS for 2018-19.

The Ministry has also identified 5 industrial corridors which will help efficient freight movement from industrial centres to consumption centres as well as to the ports. The corridors will be connected by greenfield projects totaling to more than 2,200 Kms. These green field stretches are expected to reduce the existing route by about 500 km which will help in saving travel cost and time between the centres.

After the initial success of TOT model last year, NHAI is going to launch second package bidding with a base price of Rs. 5362.0 crore. The second package comprise of 8 stretches in Gujarat, Rajasthan, Bihar and West Bengal totaling to 587 Kms. The preparatory work on the third and fourth packages totaling to 1,137 Kms is also going on with DPRs being prepared for them.

The money raised through TOT model as well as other sources like bonds and unsecured loan will be used to fund the future EPC and HAM projects. NHAI to shore up its finances, recently signed an MOU with State Bank of India for an loan of Rs. 25,000 crores at a coupon of 7.99% for 10 years with a moratorium of three years for repayment of the principal. A total of 10 banks had shown interest on the expression of interest floated by NHAI which indicates flow of bank funds to the infrastructure sector which will also help ease up the funding of HAM projects.

The awarding activity by NHAI during Q1 FY19 has been subdued, however with upcoming general election, improved scenario in-terms of Land Acquisition and

availability of funds, the project awarding activity is expected to pick-up going forward.

Now I'll discuss our execution strategy of our Project Portfolio:

Over the years with execution of over 60 projects, we have gained core expertise which has helped us to execute projects within the budgeted cost and time. Our backward integration strategy and end-to-end execution capability has helped us to execute projects faster and with optimum efficiency.

Over the last 3 years we have invested close to Rs. 350 crores to augment and upgrade our equipment bank. Currently we have a gross block of Rs. 741 crores which will enable us to achieve a turnover of over Rs. 4,000 crore. Apart from the plant & machinery, we have also strengthened our manpower with an addition of close to 2,000 employees to our existing team and taking our total employee base to over 6000. The addition of a large team engineers with relevant experience and technical knowledge will further enhance our in-house project execution capability.

With adequate machinery and manpower in place, the next component of strong execution capability is money. We have enhanced our fund-based limits from Rs. 650 crores to Rs. 750 crores which will help us to execute projects without any financial constraints. Keeping in view the upcoming bidding of State and Central level projects, we have also enhanced our Non-fund based limits to Rs. 3,350 crores from Rs. 2,650 crores thereby enabling us to bid for higher number of projects which are larger in size.

Our strategy to bid for projects of Central and State Government agencies like NHAI, MORTH, UPEIDA, MES, MSRDC, State Public Works Departments etc. have helped us to lower client concentration risk with diversified client base.

Due to our proven execution experience and track record of large completed projects, we are qualified to independently bid for a single road project up to Rs. 4,000 crore.

Now moving on to our Project Development space:

In total we have 14 projects in our fund-based development portfolio of which 7 are already operational and self-sustaining as these projects will not require any further equity investments. The balance 7 projects are HAM projects which are in various stages of development. Out of 7 projects, we have achieved financial closure for 4 projects which are currently under construction. For remaining 3 projects, the Concession Agreements have already been signed with NHAI by the respective SPVs and are currently in process of financial closure.

Status of the HAM projects which are currently under construction is:

Dausa-Lalsot-Kathun HAM project: The project is being implemented through our 100% subsidiary PNC Rajasthan Highways Private Limited. The project has achieved financial closure on 3rd April 2017 for a total debt of Rs. 371 crores. Total equity investment will be Rs. 66 crores of which we have already invested Rs. 46 crores as on June 30, 2018. The NHAI will pay Rs. 384 crores as Grant during the construction period. The appointed date for the project is May, 31, 2017 and as of June 30, 2018, 60% of EPC construction is completed.

Chitradurga-Davanagere HAM Project: The project is being implemented through our 100% subsidiary, PNC Chitradurga Highways Private Limited. The total debt as per the financial closure achieved on 12th December 2017 is Rs. 606 crores. The NHAI will be pay a Grant of Rs 625 crores during the construction period and Rs. 107 crores

will be invested as equity of which we have already invested Rs. 55 crores as on June 30, 2018. The NHAI has declared December 27, 2017 as the appointed date. As of June 30, 2018, 12% of EPC construction is completed.

Jhansi-Khajuraho (Package I) HAM Project: The project is being implemented through our 100% subsidiary PNC Bundelkhand Highways Private Limited. The project has achieved financial closure for a debt of Rs. 604 crores on November 01, 2017. Our total equity investment will be Rs. 128 crores. The NHAI will pay Rs. 610 crores as Grant over the construction period. Appointed date for this project is 18th May 2018 and as of June 30, 2018, 11% of EPC construction is completed.

Jhansi-Khajuraho (Package II) HAM Project: The project is being implemented through our 100% subsidiary PNC Khajuraho Highways Private Limited. As per the financial closure achieved on November 02, 2017, the total debt of the projects will be Rs. 590 crores, total equity investment will be Rs. 104 crores and Rs. 568 crores will be Grant from NHAI during construction period. The NHAI has declared February 13, 2018 as appointed date and as of June 30, 2018, 14% of EPC construction is completed..

Chakeri Allahabad HAM Project: The project is being implemented through our 100% subsidiary PNC Triveni Sangam Highways Pvt. Ltd. which has already signed the concession agreement with NHAI. We are currently working on the financial closure for the project which is expected before the scheduled time.

Aligarh-Kanpur Package-II HAM Project: The project will be implemented through our 100% subsidiary PNC Aligarh Highways Pvt. Ltd. Which has signed the Concession Agreement with NHAI? We are currently working on the financial closure for the project which is expected before the scheduled time.

Challakere to Hariyur HAM Project: The project will be implemented through our 100% subsidiary PNC Challakere (Karnataka) Highways Pvt. Ltd. which has signed Concession Agreement with NHAI recently. We are currently working on the financial closure for the project.

The total equity requirement for 7 HAM projects over the next 2-3 years will be approximately Rs. 775 crores.

Now moving on to our order book

Our order book in terms of contracts pending execution was over Rs. 6,500 crores as on 30th June, 2018. Post June 30, 2018 we have been declared as the lowest bidders for the following three EPC projects aggregating to Rs. 4,620 crores:

1. Two (2) contiguous packages of Lucknow - Ghazipur Six Lane Access Controlled Purvanchal Expressway Project in the state of Uttar Pradesh for an aggregate quoted value of Rs. 2,520.00 crores.
2. 54.4 km long 4th Package of Nagpur-Mumbai Six Lane Access Controlled Super Communication Expressway (Maharashtra Samruddhi Mahamarg) for a price of Rs.2,099.52 crore.

We have already received LoIs for the Purvanchal Expressway Packages on 19 July 2018 and contract agreements signed on 3 August 2018. LoI for Nagpur – Mumbai Expressway is expected shortly.

The three EPC projects are not included in the unexecuted order book as on June 30, 2018 as mentioned before.

Of the total unexecuted order book, 48% is from EPC contracts and 52% is from HAM projects.

The execution period of the current order book is 2-3 years which gives a visibility of sustained growth in revenues.

Before moving on to the financials, I would like to clarify on an abrupt damage caused to a small section of Service Road of Agra - Lucknow Expressway (Package I) on 1st August 2018 due to the unprecedented heavy rains. An about 5.0 meter section of service road of Agra to Firozabad section of access controlled Agra-Lucknow Expressway Project damaged on 1st August 2018 early hours due to excessive stagnation of accumulated water caused by heavy and continuous rains during the night of 31 July 2018. A SUV supposed to travel on the Expressway, mistakenly entered on the service road and fell through the damaged portion of the service road during the night. All the four occupants came out of the SUV unhurt and the SUV was also retrieved by a crane without any major damage. We also took the required rehabilitation measures on emergency basis and the damaged portion of service road has been filled-up by the same day (01.08.2018) evening. The cost of rehabilitation measures undertaken was not significant. We would also like to mention the fact that the above damage has not caused any disruption to the movement of traffic on the expressway and vehicles on the expressway have been plying as usual.

Uttar Pradesh Expressways Industrial Development Authority (UPEIDA) the proponent of the expressway project has asked RITES Limited, A Government of India Undertaking to conduct a detailed investigation of the damages and submit a report specifying the extent of damages, causes and the remedial measures within 15 days to it, which is underway.

Now I would now present the results for the quarter ended 30th June, 2018.

Standalone Quarterly Result:

Revenue of 1st Quarter of FY19 is Rs. 735 crore which is higher by 106% compared to 1st Quarter of FY18. The growth in revenue is mainly due to availability work fronts for execution of projects for which we have received the appointed date in the second half of FY18.

IN Q1 FY19, one of our subsidiaries namely PNC Raebareli Highways Private Limited has received Rs. 33.73 crore towards the 'Bonus Annuity' on 8th May 2018. the bonus annuity is for early completion of Raebareli - Jaunpur BOT (Annuity) project. The project was completed 96 days ahead of the scheduled completion date of 2nd June 2016. Out of the total bonus annuity of Rs. 33.73 crore, PNC Infratech Limited being the EPC contractor is entitled for 75% of the bonus amount, which is Rs. 25.3 crore and is accounted in Q1 FY19 revenues.

EBITDA for 1st Quarter of FY19 is Rs. 129 crore which is higher by 149% as compared to Rs. 52 crore for 1st Quarter of FY18. EBITDA margin for 1st Quarter of FY19 is 17.6% which is higher by 303 basis points compared to 14.6% in 1st Quarter of FY18.

Profit of 1st Quarter of FY19 is Rs. 103 crore which is higher by 244% compared to Rs. 30 crore in 1st Quarter of FY18.

Cash Profit (i.e. total comprehensive income + depreciation) for 1st Quarter of FY19 is Rs. 122 crore which is higher by 157% compared to Rs. 47 crore in 1st Quarter of FY18.

ON THE BALANCE SHEET SIDE OUR,

As on 30th June 2018, our stand-alone net worth is Rs. 1,909 crores. the total debt on the company at standalone level is Rs. 250 crores which comprises of rs. 183 crore as equipment finance and Rs. 67 crore for working capital. the company has a total cash & bank balance including current investments of Rs. 7 crore on standalone basis.

I would like to briefly touch upon credit rating of our subsidiaries implementing HAM projects.

DURING THE QUATER CARE HAS ASSIGNED CREDIT RATING TO FOLLWING 3 OF OUR SUBSIDIARIES.

1. CARE has assigned CARE A-; stable for long term bank facilities to our subsidiary, PNC Bundelkhand Highways Private Limited which is excuting 4 laning of Jhanshi-Khajuraho seccion of nh75/76 (Package I) on HAM basis.
2. CARE has assigned CARE A-; stable for long term bank facilities to our subsidiary, PNC Khajuraho Highways Private Limited which is excuting 4 laning of Jhanshi-Khajuraho seccion of nh75/76 (Package Ii) on HAM basis.
3. CARE has assigned CARE A-; stable for long term bank facilities to our subsidiary, PNC Chitradurga Highways Private Limited which is excuting 6 laning of Chitradurga Davangere including Chitradurga Bypass on HAM basis

With this we will now open for floor for question and answer,

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Congrats on good set of numbers. You have told us that the total order book is Rs. 6,500 Crores right now and we have three HAM and three EPC projects totaling around Rs. 9,000 Crores which I think the work will start probably in second half right on those project?

Yogesh Jain: Right, we are expecting revenue in 4th quarter from 3 EPC projects and 2 HAM projects.

Parikshit Kandpal: Sorry, 4th quarter, so the revenue guidance what will it be Sir, because on Rs. 6,500 Crores alone you are doing almost Rs. 700 Crores quarterly turnover, which is like Rs. 3000 Crores annualized, so when 9000 gets started so what happens to your like revenue target for this year?

- Yogesh Jain:** Since so far we have not received appointed dates of these projects of Rs. 9,000 crores therefore as of now our guidance of revenue is still 40% growth as compared to FY'18, we will review this guidance after receipt of appointed dates for Purvanchal and Nagpur-Mumbai Expressway projects and Chakeri Allahabad, and Aligarh-Kanpur HAM projects in third quarter.
- Parikshit Kandpal:** Okay but this run rate of Rs. 700 Crores will at least continue from the existing order book?
- Yogesh Jain:** Yes. Parikshit Kandpal: Okay and Sir this Rs. 25 Crores of bonus, so how much would have gone to the EBITDA in this, I mean this Rs. 25 Crores revenue, which you have accounted?
- D. K. Maheshwari:** 100% gone to the EBITDA.
- Parikshit Kandpal:** Okay, 100%. I will join the queue for follow up questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Abhinav Bhandari from Reliance Mutual Fund. Please go ahead.
- Abhinav Bhandari:** Many congratulations to the team for the execution coming back on track and special mention to your investor relation advisors, for a very comprehensive presentation this time around. I just had a couple of questions, one is if you could help me with the land status in the four HAM projects that are under construction and for the three which where you are not achieved financial closure?
- Yogesh Jain:** Yes, about Dausa-Lalsot, we have around 98% land, in Chitradurga-Davanagere around we have 95% land, and Jhansi-Khajuraho package 1 is 86% and Jhansi-Khajuraho package 2 is 92%. These are all four ongoing project and about Chakeri-Allahabad it is 89%, Aligarh-Kanpur 80% and Challakere to Hariyur in Karnataka is around 50%.
- Abhinav Bhandari:** Sure. Sir on the earlier three EPC projects that we had Nagina-Kashipur, Varanasi-Gorakhpur, Bhojpur-Buxar there would it be fair to assume now you have entire land in place?
- Yogesh Jain:** In Nagina-Kashipur, we have around 86% land, so Nagina-Kashipur position is quite okay, but in Koilwar-Bhojpur we have around 75%.
- Abhinav Bhandari:** Okay and what is the status here Sir, how is the acquisition progressing?
- Yogesh Jain:** The acquisition is going on and work is also going on parallelly.

- Abhinav Bhandari:** Okay, so there is no concern at your end on this remaining land to get acquired?
- Yogesh Jain:** We hope, we expect to get balance land in these two packages within two months.
- Abhinav Bhandari:** Sir the other question was the Rs. 750 Crores that you have to put by the way of equity in the seven new HAM projects, is there any thought on rotating the earlier equity of about Rs. 460 to 470 Crores that you have already put in the earlier assets, how will you fund this equity portion of Rs. 750 Crores equity?
- D. K. Maheshwari:** Rs. 750 Crores equity required in the next two to three years and based on our revenue guidance which we have given, we are expecting that our own generation will be around Rs.950 Crores.
- Abhinav Bhandari:** The entire thing would be from own generation
- D. K. Maheshwari:** Yes
- Abhinav Bhandari:** Thank you. Sir the question was which I was asking was this Rs. 750 Crores entirely would be funded from internal accruals or is there some thought process on churning the equity which is stuck in the earlier projects, Rs. 460- 470 Crores of equity, already invested in the earlier projects?
- D. K. Maheshwari:** Out Rs. 750 Crores, is required in the next two to three years from our own generation based on the assumption we have given, it is around Rs.950 Crores after making payment of the capex. In addition to that company is also planning monetization of three of the projects, one is Raebareli - Jaunpur NHAI annuity project, we have equity around Rs. 140 Crores, one is MP Highway where equity of Rs. 78 Crores and one is Bareilly-Almora where equity around Rs. 75 Crores. So in case we will get the good valuation, we may monetize all these projects by FY2019.
- Abhinav Bhandari:** One last question on this Ghaziabad-Aligarh what is the status now, are you breaking even now there and what is the shareholding there of the project because earlier there was some thoughts on you buying some incremental stake of that project?
- D. K. Maheshwari:** The toll has increased and though we are able to make the payment of the interest of monthly basis, for repayment of principle, we have to infuse on quarterly basis in the range of Rs. 15-20 Crores. This project also we are planning for monetization, and we have received the valuation from few investors and we are negotiating with them and hopefully within a couples of months , it should be finalized.
- Abhinav Bhandari:** Sure, and what is the current run rate here of collection?

- D. K. Maheshwari:** Collections is Rs. 58-59 lakhs per day.
- Abhinav Bhandari:** Thank you very much Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Good afternoon Sir. The first question is on the order book, so what would be the EPC value for the three HAM projects which are not yet taken in the order book?
- D. K. Maheshwari:** Chakeri-Allahabad where the BPC is Rs. 2159 Crores, EOC cost is Rs. 1866 Crores and Aligarh-Kanpur is Rs. 1033 Crores, and Challakere will be around Rs. 980 Crores.
- Ashish Shah:** This is the EPC value right?
- D. K. Maheshwari:** Right.
- Ashish Shah:** Okay.
- Yogesh Jain:** Purvanchal and Nagpur EPC contracts are also not taken. Purvanchal Rs. 2,520 EPC cost which we have not considered in the contracts in hand as on June 30, 2018.
- Ashish Shah:** Also the three HAM projects are not included, correct?
- Yogesh Jain:** Right. **Ashish Shah:** Sir you obviously mentioned about the employee addition that you have done, so what is the incremental addition that you will be looking in 2019 on the total employees?
- Yogesh Jain:** We have already inducted around 2,000 employees, we expect to add further 500 to 600 employees.
- Ashish Shah:** Okay, so in 2019 we will add 500-600 more employees?
- Yogesh Jain:** Yes.
- Ashish Shah:** Right and given the new order wins of Purvanchal, would you increase your capex guidance? What would be your capex guidance for 2019 and may be even 2020?
- D. K. Maheshwari:** Yes, it will increase because of these two Purvanchal projects and Nagur-Mumbai. Earlier we have given the guidance of Rs. 100 to 125 Crores, now it will be Rs 225 to 250 Crores in 2019.

- Ashish Shah:** In FY 2020 also similar number?
- Yogesh Jain:** No, in FY'20 it will be around Rs.100 Crores,
- Ashish Shah:** Right, also Sir you gave out the land acquisition status for most of the projects of few, if you can add on the Bhojur-Buxar land, what would be the current land availability?
- Yogesh Jain:** 75% land in Koilwar-Bhojpur and Bhojpur-Buxar we have around 82%.
- Ashish Shah:** Right, and Varanasi-Gorakhpur?
- Yogesh Jain:** Varanasi-Gorakhpur is around 86%.
- Ashish Shah:** Sure.
- Yogesh Jain:** We are expecting nearly 100% land in Varanasi-Gorakhpur within 2-3 month.
- Ashish Shah:** Last one if you can just share the toll revenues, you did share for Ghaziabad-Aligarh, but if you can share it for the projects which is Bareilly-Almora and Kanpur Ayodhya and Kanpur Kabrai as well as the MP Highway?
- D. K. Maheshwari:** Kanpur-Ayodhya was Rs. 86 Crores, it is higher by 28% as compared to first quarter FY2018, Kanpur Highway is Rs. 29 Crores, it is higher by 51%, Narela were Rs. 9.82 Crores, Bareilly-Almora Rs. 10.20 Crores and Raibareli Jaunpur it is Rs. 32.16 Crores.
- Ashish Shah:** Sir if I may ask what is the leading to this extraordinary growth in Kanpur-Ayodhya project as well as the Kanpur Highways project, so is there any specific one off benefit or in general the traffic momentum there has increased?
- D. K. Maheshwari:** In first quarter of FY2018, there was total restriction on the overloading after the new government which mainly impacted the traffic. Now revenues have increased due to increase in traffic and the overloading.
- Ashish Shah:** Right but is there anything one off like you are getting a favorable benefit of some problems somewhere else or you think this kind of moment will sustain in the next at least few quarters that you can see?
- D. K. Maheshwari:** We do not foresee any problem, but at this momentum may not sustain because last year there was a decline, so on year to year basis, there is an increase so we will have some reasonable growth over the years.
- Ashish Shah:** Sure. Okay. Thank you so much.

- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Philip Capital. Please go ahead.
- Vibhor Singhal:** Good afternoon Sir. Thanks for taking my question. Congrats for great set of numbers. Sir I just want the debt and cash numbers in the standalone level vis-à-vis EBITDA please?
- D. K. Maheshwari:** Pardon.
- Vibhor Singhal:** The debt numbers, the gross debt and the cash at the standalone level?
- D. K. Maheshwari:** Gross debt was Rs. 250 Crores in the standalone (includes Rs. 183 crores Term Loan for machinery purchase), on consolidated it was Rs. 2,265 Crores.
- Vibhor Singhal:** Sir how much will be the cash at standalone level?
- D. K. Maheshwari:** Cash, on standalone level is Rs. 7 Crores and the consolidated it is Rs. 265 Crores.
- Vibhor Singhal:** Also Sir I just wanted to understand right now what given that if we look at our order book if we increase the project, which we are still L1 and which we are probably LOI, we are yet to decide, we have the order book of almost Rs. 15,000 Crores which gives us a very high revenue visibility, so going forward what is going to be a strategy in terms of bidding? Are we still looking to participate in NHAI bids that have come for those year from Bharatmala project or any other mega projects like the you called up the Purvanchal one, or given the order book in infrastructure last stage, we would probably refrain from bidding for some time?
- T. R. Rao:** See the bidding momentum has slowed down, because NHAI wants to ensure at least 80% of land is available then only go for bidding, even though Bharatmala is still underway, but we do not foresee that there will be a major and very aggressive bidding the NHAI during the remaining period of the current financial year, but still we expect around Rs. 3,000 to 4,000 Crores of new projects subject to bidding by NHAI during the current financial year of March 31, 2019.
- Vibhor Singhal:** So Sir you expect Rs. 3000-4000 Crores of more orders to come in, over and above the orders we have already won, meaning that other than the Purvachal or Mumbai-Nagpur you expect to gather another Rs. 3000 - 4000 Crores more.
- Yogesh Jain:** Yes, you are correct.
- Vibhor Singhal:** Fair enough. And the margins we should be comfortable with 14% margin that we did

in this quarter that should be the run rate going forward is that?

- D. K. Maheshwari:** It should be in the range of 13.5% to 14% EBITDA margin.
- Vibhor Singhal:** EBITDA of course Sir. Great Sir. Thank you so much for taking the question. If I have anything else, I will get back in the queue. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Niteen Dharmawat from Aurum Capital. Please go ahead.
- Niteen Dharmawat:** Thank you for the opportunity. Sir my question is in general about the industry. I wanted to know how is the financial closure happening with respect to various HAM projects especially considering the fact that PSU banks are more restricted in lending, in general they are not lending that easily and people will have to approach to the private banks so what is the situation now is it easing or it is still continue to be strenuous, so your thoughts on that?
- D. K. Maheshwari:** Some PSU banks are still giving loan to the companies, but they are not underwriting the loans. For underwriting, there are only five to six private banks including, ICICI Bank, Axis Bank, HDFC, Indusbank, Yes Bank and Kotak Mahindra. They are much comfortable with Company likes ours where the parent Company have a AA credit rating. Similarly some PSU banks are also very keen to be a member after underwriting is done. PSU banks are comfortable to take part in down selling of these loans. So for almost two projects Chakeri-Allahabad and Aligarh-Kanpur, we are in the final stage with the private banks and we are hopefully that we will get the sanction within 15-20 days and will get financial closures within the time.
- Nitin Dharmawat:** Okay. Great and how are the rates, interest rates offered by private banks compared to what we were getting earlier? Are they on the similar lines, are they slightly more?
- D. K. Maheshwari:** Actually rates are higher because of their MCLR has increased, earlier the rates for our company were in the range of 8.9% to 9.15% but now it is in the range of 9.25% to 9.4%, depending on project-to-project and bank-to-bank.
- Nitin Dharmawat:** Okay. Got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Jatin Nayak from ICICI Prudential Mutual Fund. Please go ahead.
- Jatin Nayak:** Thanks for the opportunity and congrats for good set of numbers. Also it was good to know that you are being a little more conservative in terms of your guidance. Sir I had

two questions. One is that how is the labour scenario, as the cost of contract labours and skilled labour has gone up?

- Yogesh Jain:** It is on the same line. There is no major change.
- Jatin Nayak:** Okay and even ensuring that we have sufficient contract labourers or skilled employees that is also not a problem.
- Yogesh Jain:** That is not a problem.
- Jatin Nayak:** Sir where do you see your gross debt panning out in the next two years? You expect to remain at the same level?
- D. K. Maheshwari:** Gross debt?
- Jatin Nayak:** Yes, on the standalone basis?
- D. K. Maheshwari:** Standalone basis, we are having a sanction of Rs. 750 Crores of fund based in the consortium, so presently our utilisation is around Rs.100 Crores and we are expecting that it should be in the range of max of Rs 250-300 Crores at the end of FY'19.
- Jatin Nayak:** Okay, so debt can increase by Rs. 200 Crores in the next two years?
- D. K. Maheshwari:** On an average it should be in the Rs 150 to 200 Crores range.
- Jatin Nayak:** So from current Rs. 250 Crores gross debt, it can go up to Rs. 350 to 400 Crores of debt?
- D. K. Maheshwari:** In Rs. 250 Crores, 183 Crores is term loan for purchasing equipment, which will definitely increase when we increase the capex. I am talking about OD limit for working capital.
- Jatin Nayak:** Okay and that working capital limit you are seeing will go up by Rs. 200 Crores.
- D. K. Maheshwari:** On an average it should be Rs. 150 to 200 Crores in entire year.
- Jatin Nayak:** Okay. Thank you sir. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Divyata Dalal from Systemic Shares and Stocks. Please go ahead.
- Divyata Dalal:** Congratulations on a good set of numbers. Two questions from side, one can you

please provide the land status for Purvanchal Expressway and Nagpur-Mumbai Expressway EPC project?

Yogesh Jain: See Purvanchal Expressway land is quite encouraging, the packages what we got package #5 we have got a 93% and package #6 we have got 92%. In Nagpur-Mumbai Expressway as they informed few months back land was around 75% but government of Maharashtra is moving fast and they are acquiring the remaining land. **Divyata Dalal:**

Sir another book keeping question on the other income side, do you have seen some increase in another income in this particular quarter, so it is pertaining to some refund or some write back of provisions, it has jumped up to Rs. 18 Crores in this quarter.

D. K. Maheshwari: Actually other income includes Rs. 12.56 Crores on sale of old machineries/equipments (including crusher).

Divyata Dalal: Okay. Fine Sir. All the best Sir. That is it from my side. Thank you.

Moderator: Thank you. Next question is from the line of Alok Deora from IIFL. Please go ahead.

Alok Deora: Good afternoon Sir. Congratulations on great set of numbers. So most of the questions have been answered, just one question like we are doing around Rs. 700 Crores plus of quarterly run rate now and in the second half it would definitely move up further, so our guidance of Rs. 2700 Crores top line would be surpassed quite easily, so what is the realistic number now, we can be working with in terms of top line?

T. R. Rao: We want to maintain our guidance as of now on the same line because during the second quarter because of very active and very continuous monsoon, there will be decline in the top line. Going forward, once the appointed dates are declared for the three EPC projects and two HAM projects, which we expect during the third quarter of this year, so we will review our guidance, then we will come back to you, to you during the fourth quarter. As of now we do not want to say enhance our guidance beyond Rs. 2700 Crores.

Alok Deora: Right, okay Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Rahul Agarwal from VEC Investments. Please go ahead.

Rahul Agarwal: Very good afternoon. Few clarifications, few questions. So one is when you say Rs.

950 Crores of internal accruals next year, and that is after capex, what I have noticed is essentially since we are getting lot of order inflows, our capex guidance for entire year increases, so that Rs. 950 Crores could you help me out in terms of what capex have you assumed for next three years either annual number or cumulative number?

D. K. Maheshwari: In FY'19 around Rs. 225-250 Corers, we will finance from the NBFC and banks, who are financing 90% -100% for 4-5 years. Considering the repayment of their EMIs amount, this Rs. 950 Crores cash generation is coming.

Rahul Agarwal: Okay, but what you assume for like next three years because Rs. 950 Crores essentially there will be some assumption for capex right for now?

D. K. Maheshwari: Yes.

Rahul Agarwal: So it is like Rs. 100 to 150 Crores per year as what you assume?

D. K. Maheshwari: Yes, it will be Rs.100-110 crores.

Rahul Agarwal: Okay but in case the another Rs. 3,000-4000 Crores of order inflow come through for balance 9 months of this year, then obviously would you again look at higher capex for next year or whatever we believe right now for Rs. 250 Crores is enough?

T. R. Rao: If we will get Rs. 3000- 4000 Crores, see the whole process of award and then the declaration of appointed dates and all will take time, so even if you get some new projects during the second half of this year, so we do not expect the physical execution of these projects will commence in the current financial year.

Rahul Agarwal: Yes sure. I understand that. Got it. Another point I wanted to raise was on the UP rains, so essentially already highlighted second quarter will be a bit weaker than 1Q, but are you seeing substantial drawdown or is it like manageable right now on the execution side of the project.

T. R. Rao: See, second quarter being a monsoon period it is always weaker as compared to the first quarter. Let us see now still one and a half months of this quarter is left, so we have to see how the monsoon will behave during the remaining month of the August as well as in September, so we will not be able to tell as of now, but we can tell only once the monsoon gets over.

Rahul Agarwal: Thirdly on the cash flow position side for the BOT projects which are already up in running, are they self sufficient in terms of repayments of debt from their own cash flows as on date?

- Yogesh Jain:** Yes as on date they are self sufficient
- Rahul Agarwal:** So all the debt which is scheduled repayments for term debts is all funded through the project, right, we do not need any funding from the standalone balance sheet? Is that assumption right?
- Yogesh Jain:** Except in Ghaziabad project.
- Rahul Agarwal:** Okay, so you foresee any funding needed from our parent company to that project for this year as well?
- D. K. Maheshwari:** As per our share, 35%.
- Rahul Agarwal:** Yes, so what would be that amount approximately for fiscal 2019, your anticipation?
- D. K. Maheshwari:** It should be around in the range of till March 2018, say around Rs. 35-40 Crores from PNC.
- Rahul Agarwal:** That is also accounted when we talked about the internal accruals and equity funding?
- D. K. Maheshwari:** Yes.
- Rahul Agarwal:** Okay. Perfect. And just lastly on the tax rate side, so should I assume fiscal 2019 starting onwards if the tax rate will be higher because again the 1Q was quite low so all the tax adjustments for earlier MAT credits and everything all done right?
- D. K. Maheshwari:** It should be in the range of 18% to 21% in FY2019.
- Rahul Agarwal:** Okay and then when does it move to marginal rate like fiscal 2020 should see full tax or it will continue at 20%?
- D. K. Maheshwari:** FY21 will be the full rate, FY20 will be in the range of 21% - 24% because there are certain projects which has been started before March 2017, we are entitled to get the benefit of 80IA
- Rahul Agarwal:** Okay. Got it. Last small question on Narela, you said June last quarter to get some Rs. 80 Crores of payment, any progress on that?
- T. R. Rao:** The arbitration now in the final stage, we expect award before end of September.
- Rahul Agarwal:** Okay and the amount remain the same?

- T. R. Rao:** Yes, amount remains the same. Post publication of award, DSIIDC may take some time to release the payment.
- Rahul Agarwal:** Okay, but by March at least we will get that money, right.
- Yogesh Jain:** Yes. That will be right.
- Rahul Agarwal:** In worst case.
- Yogesh Jain:** Yes.
- Rahul Agarwal:** Got it. Thank you so much. I will follow up for more questions. Thank you so much. All the best.
- Moderator:** Thank you. The next question is from the line of Faisal Hawa from HG Hawa & Company. As there is no response, we will move to the next question from the Viral Shah from Emkay Global. Please go ahead.
- Viral Shah:** Congratulation for good set of numbers. Most of my questions have been answered. Just one in terms of toll collection can you repeat what has been MP Highways. the Kanpur highways, Bareilly and Ghazibad?
- D. K. Maheshwari:** Kanpur-Ayodhya was at Rs. 86.04 Crores, and Kanpur-Kabrai was at Rs. 28.9 Crores and MP highway was at Rs. 11.5 Crores and Ghaziabad Aligarh was Rs. 52.4 Crores.
- Viral Shah:** Okay and whether average down year on year or it has been incremental?
- T. R. Rao:** There was some damage happened to the Chambal bridge, though it was not part of our project, which has created some diversion of traffic, now the bridge has been restored, and traffic is restored now.
- Viral Shah:** Fine Sir. Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Parvez Akthar from Edelweiss. Please go ahead.
- Parvez Akthar:** Good afternoon Sir and congratulations for a very good set of numbers. Sir I just needed a couple of data points, when do you we expect the appointed date for the Purvanchal Expressway?
- T. R. Rao:** We have signed agreement on August 3 so then subsequently they can declare the appointed dates once 90% land is available. But now water stagnation is there, and

there are a standing crops, so we have requested them to consider giving appointed date only after October, but what government will take the decision we do not know, so we are expecting appointed in October, By the time, monsoon gets receded and we would be in a position to set up our camps and mobilise our resources.

Parvez Akthar: Sure and Sir what is the amount equity that we have infused in the two packages of the Jhansi-Khajuraho projects by Q1 FY2019 end?

D. K. Maheshwari: Jhansi-Khajuraho package 2 we have infused Rs. 43 Crores till June'18

Parvesh Akthar: Okay and package 1?

D. K. Maheshwari: Package 1 we have infused only Rs. 5 crores till June'18.

Parvez Akthar: Okay and Sir would it be possible to give the year wise equity infusion schedule of this 775 Crores equity that we need?

D. K. Maheshwari: We will provide to you separately.

Parvez Akthar: Thanks a lot. That is it from my side and all the best for your future.

Moderator: Thank you. The next question is from the line of Rita Tahilramani from Invesco Mutual Fund. Please go ahead.

Rita Tahilramani: Congratulations on good set of numbers. What is the equity infusion purely in Q1 2019?

D. K. Maheshwari: Q1 2019 we have infused only in the package 2 of the Jhansi-Khajuraho it was Rs. 38 Crores.

Rita Tahilramani: Okay how much is the capex we have done in this particular quarter?

D. K. Maheshwari: It is Rs. 16 Crores. Gross Block was Rs. 725 Crores in March 2018 and in now it is Rs. 741 Crores.

Rita Tahilramani: In terms of debt for FY2019 end we mentioned that we are currently at term loan of almost Rs. 180 Crores, and another working capital loan was almost Rs. 250 Crores. So I believe including the repayment of debt we will end the debt for FY2019 at somewhere around Rs. 450 to 500 Crores, is the right way to look at things?

D. K. Maheshwari: Yes, including term loan about Rs 325 crores.

- Rita Tahilramani:** What is the toll rate hike across project?
- T. R. Rao:** See we can see in the April 1, 2018 it was around 2% to 3% on account of increase in WPI and remaining is that of traffic growth.
- Rita Tahilramani:** Okay and what is the current cost of debt for us?
- D. K. Maheshwari:** It is around 8.9% for working capital and 9.4% for term loan. (Including Ghaziabad-Aligarh), or otherwise it is 9.15%.
- Rita Tahilramani:** Thank you and good luck for future.
- Moderator:** Thank you. The next question is from the line of Bharti Chokotiya from BP Capital. Please go ahead.
- Bharti Chokotiya:** The question from my side to the management are like three questions. One is during the quarter we have received I believe some bonus which have been accounted for, so if they can just clarify like is it on account of receipt basis or are we going with he accrual?
- Yogesh Jain:** We have received bonus. It is on the receipt basis.
- Bharti Chokotiya:** Great, Sir second question is in the investor presentation, we have reported some loss from JV and associates, so can you spell it out like exactly how that loss is coming on account of what item is it?
- D. K. Maheshwari:** It is only in Ghaziabad-Aligarh, where we are having a holding of 35%.
- Bharti Chokotiya:** Okay, but it is a cash loss.
- D. K. Maheshwari:** There is no cash loss.
- Bharti Chokotiya:** Okay and my third question is sir on the tax rate, I believe the effective tax rate for the question is 13%, and I heard you are saying that the tax rate would be in the range of 21% to 23%..
- D. K. Maheshwari:** 18% to 21%.
- Bharti Chokotiya:** Is that for SPV or the main contracting company? Because SPV would be eligible for 80IA?
- D. K. Maheshwari:** No, we are talking about the standalone basis in the FY2019 we are expecting it should

be 18% to 21%.

Bharti Chokotiya: Okay, so this will continue for three to four years?

D. K. Maheshwari: No, it is for FY'19 but in FY'20 it should be in the range 21%-24%

Bharti Chokotiya: Is that because of 80IA benefit?

D. K. Maheshwari: Yes.

Bharti Chokotiya: Okay. That is all from my side Sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Amber Singhanian from Asian Market Securities. Please go ahead.

Amber Singhanian: Thanks for taking my question. I just wanted to understand what kind of revenue you are expecting from the newly projects, which you have gone Purvanchal Expressway and Mumbai Nagpur and also the three HAM projects, which are yet to reach the appointed date in this financial year, are we expecting any major chunk coming in Q4 as such?

Yogesh Jain: We have not considered in this financial year any revenue of any of the project where we have not received appointed date.

Amber Singhanian: Okay. Secondly Sir apart from the Karnataka project is there any project both EPC as well as HAM, where you have land availability less than 75%?

T. R. Rao: No, except Challakere to Hariyur, all the remaining EPC or HAM projects availability of land is more than 75%. Only in Challakere to Hariyur project, which we have got recently available land is around 50%.

Amber Singhanian: Rest all are fine Sir. So the execution will be smooth, there would not be any issues in terms of execution going forward because of land availability on that.

T. R. Rao: Yes, for the remaining projects.

Amber Singhanian: Sir secondly just wanted to understand your thought processes that right now there is no monetization we are planning for the existing HAM project as well as there is a huge equity investment, which are going to come up plus we are open for new projects to bid this year as well as next year going forward, so how do you plan to manage the cash flow on a longer term let us say one to two, three horizon what is our plan in terms

of are we planning any monetization of any of these HAM project and by what kind of timeline, have you appointed any banker to search for the buyers or anything on that part?

D. K. Maheshwari: For HAM project so far we have not appointed any banker, but for monetization of the operational projects of BOT, we have given mandate and we are expecting that within three to four months, three of projects could be finalized where our debt is around Rs. 1,300 Crores, and equity is around Rs. 300 Crores.

Amber Singhanian: 300 Crores.

D. K. Maheshwari: Yes.

Amber Singhanian: So this will be happened in Q2.

D. K. Maheshwari: May be in Q3 or Q4 it could be finalized. Because it will take further time to take the NOC from Authority as well as from the banks.

T. R. Rao: The prospective buyer would like to conduct the due diligence of these projects.

Amber Singhanian: Okay. Fine Sir. That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Amar Survase, an Individual Investor. Please go ahead.

Amar Survase: Thank you for the opportunity and congratulations for the great set of numbers. Sir my question is around the account receivables, our account receivable is slightly high including both non-current and current because what I can see is it is pretty large increasing account receivable compared in FY2015, especially in non-current and since FY2016, it has been increasing on a reasonable level to up in our consolidated balance sheet, because technically if our customer is only government and he constructed particular part of project, and showed that in our revenue, then it has to realized in cash as of now. So the question is are not we realizing them or is it because of any specific accounting treatment or government is not paying or delaying or paying our money because it is huge high compared to our other competitors?

D. K. Maheshwari: You are talking about the receivables?

Amar Survase: Account receivables?

D. K. Maheshwari: Account receivable actually in FY2018 by debtor days of 136 days where it has

reduced to 113 days in June 2018, in case we will reduce amount of the GST which is around Rs. 150 Crores including the amount of the debtors, it is in the range of less than 100 days, that is also because of pending disbursement in two SPVs which we will take in the August or September

Amar Survase: But Sir if you look at the account receivable on consolidated balance sheet in FY2015 is pretty much high as compared to the other players and what I am trying to say that in FY2015, accumulated account receivable had been increased a lot and since then it has been increasing on the reasonable level, but what I am saying is that they have not realized it?

D. K. Maheshwari: FY2014?

Amar Survase: Yes, compared to FY2014....

D. K. Maheshwari: We can discuss on this separately because we do not have readily the records FY2014-FY2015 with me.

Amar Survase: Okay.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Sir in Chitradurga - Davanagere project the progress is only 12% and appointed date had come in December 2017, so while other projects like JKP package 1 already you have achieved 11% and appointed date was May 18, 2018, so I was wondering I mean it is slow moving and what is the stopping up or ramping of the execution here?

Yogesh Jain: Now the project is going well, though in the starting, some teething problem was there for these project.

Parikshit Kandpal: Okay, you expect the significant ramp up in execution on this project, and it will be around time?

Yogesh Jain: We are doing well here.

Parikshit Kandpal: Okay and Sir on the debtor, can you just breakup the debtors in SPV debtors and EPC debtors directly, I mean if you can just – absolute number if you can breakup?

D. K. Maheshwari: Rs. 143 Crores is package 1 of Jhansi Khajuraho Rs. 98 Crores Rajasthan highway and

Rs.68 crores in Package-II of Jhansi Khajuraho.

Parikshit Kandpal: And so balance will be like all EPC debtors right?

D. K. Maheshwari: Yes.

Parikshit Kandpal: So how much will be that amount, total?

D. K. Maheshwari: Around Rs.600 crores which includes approx. Rs. 150 crores GST.

Parikshit Kandpal: Sir, debtors I mean I think because they are facing this issue with SPV so that is why I am talking the debtors are looking little elevated?

D. K. Maheshwari: Let me clarify you, out of the total outstanding of Rs. 900 Crores debtors and Rs. 310 Crores on account of the SPV which we will receive the payment by other, remaining Rs. 148 to 150 Crores rupees is account of GST payment, the remaining of the EPC outstanding as against that we have already received the payment around Rs. 220 Crores rupees in the month of July.

Parikshit Kandpal: So the existing debtors will be how much as of now July end? It has come down significantly?

D. K. Maheshwari: Yes it will come down significantly, but will add the execution of the July also.

Parikshit Kandpal: And balance how much is expected sir, mobilization advance for rest of the four HAMs? Is it Rs.400-500 crores?

Yogesh Jain: It should be around 550 Crore.

Parikshit Kandpal: Sir lastly just employee addition of 2000, which you said it happened in FY2018 or like significant portion like would have happened in FY2018?

D. K. Maheshwari: Which one that?

Parikshit Kandpal: You said 2,000 employees have been added and 600 you are looking to add in FY2019 further, so this 2,000 addition has happened in FY2018 or like over last two to three years?

Yogesh Jain: It added in FY2018 and till June'18.

Parikshit Kandpal: Thank you and all the best, That is all from my side.

Moderator: Thank you. The next question is from the line of Faisal Hawa from HG Hawa & Co. Please go ahead. Sir we will move to the next question from Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: First of all congratulations on great set of numbers sir. Sir first question is in terms of the MAT credit for first quarter of FY2019, what is that negative number?

D. K. Maheshwari: It is 9.4 Crores.

Shravan Shah: Rs. 9.4 Crores, okay and Sir can I get some outstanding order book for few of the projects Aligarh-Moradabad, then Koilwar-Bhojpur, then Dausa-Lalsot and Lucknow Airport and Nanau-Dahon? Sir that I have from presentation top six to seven projects I have got, I need the outstanding order book for remaining projects.

D. K. Maheshwari: Aligarh Moradabad Rs. 150 crores, Koilwar-Bhojpur Rs.407 crores, Dausa-Lalsot Rs.288 crores, Bakshi Ka Talab Airport Rs. 30 croes and Nanau Dadon Rs. 116 crores

Shravan Shah: Okay. That is from my side.

Moderator: Thank you. Next question is from the line of Sheyans Mehta from Emkay Global. Please go ahead.

Sheyans Mehta: Thank you for the opportunity Sir. First of all congratulation on a good set of numbers. Sir two questions from my side. Assuming everything falls in place, like land acquisition and financial closure for all our projects, what would be the revenue estimate for FY2020?

Yogesh Jain: FY 2020 we are expecting 40% growth as compared to FY'19, it will be around Rs. 3,600 Crores.

Sheyans Mehta: This is assuming, all things fall in place, right because given the current order book, do not you think we are at very conservative at the Rs. 3,600 Crores? Sir assuming in that all falls, in place, still we are saying only Rs. 4,000 for FY2020? Because Sir given the kind of order book we have Rs. 15,000 odd Crores and if suppose if we get all the permissions, still we are guiding for Rs. 3,600 croes for FY2020?

T. R. Rao: As of now we are giving guidance of only 40% growth over FY19. FY2019 if you are considering Rs. 2,600 Crores as of now we are maintaining so 40% over that becomes Rs. 3,600 Crores around that, so we were able to give you some more clarity, only once

FY19 is completed.

- Sheyans Mehta:** Sir the second question is for Mumbai-Nagpur, we have heard that given where land acquired where 80% and above, may be the government is not able to take the possession, are we seeing any issues out there?
- Yogesh Jain:** There is no such issue. There is a little problem in acquiring, but we do not anticipate that any problem will be there especially when the government has acquired 80%, then they can take 20% also.
- T. R. Rao:** Being a priority project for state, we do not foresee any major issue.
- Sheyans Mehta:** Okay and Sir last question, now we have got the ruling for the new axle load, so in that we have seen many truck owners have gone on strike, have you faced any issues in terms of decline in toll revenues or decline in traffic growth?
- Yogesh Jain:** We do not anticipate any major decline in the traffic growth, but there must be some marginal decline, revenue collected from over weight.
- Sheyans Mehta:** Okay sir and if you could quantify that what will be the impact?
- T. R. Rao:** We will share you offline.
- Sheyans Mehta:** Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Sandip Jabuani from Narnolia Securities. Please go ahead.
- Sandip Jabuani:** Thank you for the opportunity. Sir my question is related to Bhojpur-Baxer. We have received appointed date in April, so we have execution of couple of months, still no healthy revenue from that project, so could you tell whether still we are facing some problem there?
- T. R. Rao:** Actually since first week of July, it has been a very active monsoon and there is a continuous rain over there. So we hardly had any time after appointed date was declared on April 18. We could able to do some initial works like preparatory works during the month of May and June, then the monsoon has set in. The progress has slowed down, we expect progress will pick up once the monsoon is receded.
- Sandip Jabuani:** Okay and Sir my next question is related to Varanasi, QoQ execution has come down, so your comment on that. In the last quarter execution is somewhere around 91 Crores

and this quarter execution is 80 Crores

Yogesh Jain: There is marginal decline which will pickup from September onwards.

Sandip Jabuani: Okay.

Sandip Jabuani: Yes and I need the outstanding order book for Dausa-Lalsot can you repeat?

D. K. Maheshwari: Rs. 288 Crores.

Sandip Jabuani: Rs. 288 Crores?

D. K. Maheshwari: Right.

Sandip Jabuani: Thank you.

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

Parikshit Kandpal: I just wanted to ask you on debt, you had clarified it, but the confusion, I had, you said equipment loan Rs. 183 Crores will move to Rs. 225 to 230 Crores by FY2019 and right?

D. K. Maheshwari: No, Rs. 183 Crores will increase to Rs. 325 Crores approx..

Parikshit Kandpal: Okay, Rs. 325 Crores and this working capital of Rs. 67 Crores, by year end how much it will increase to?

D. K. Maheshwari: On an average it should be around Rs. 150 Crores

Parikshit Kandpal: So this will become Rs. 150 Crores, and another Rs. 325 Crores for equipment loan so roughly Rs. 475 Crores of debt you will have.

D. K. Maheshwari: It is total debt.

Parikshit Kandpal: Yes, total debt will be Rs. 450 to 500 Crores by March end. Thank you.

Moderator: Thank you. That was the last question in queue. I now hand the conference over to Mr. Shravan Shah for closing comments.

- Shravan Shah** We thank all the participants and also thank you so very much management for giving us the opportunity to host the call. Sir any closing comments from your side?
- Yogesh Jain:** Thank you every one for your participation in our earning call. We have uploaded the presentation on our Company's website in case of further queries, you may get in touch with the Strategic Growth Advisor, our investor relation advisors, or free to get in touch with us. Thank you very much for your participation.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Dolat Capital that concludes this conference call for today. Thank you for joining and you may now disconnect your lines. Thank you.