



“PNC Infratech Limited Q2 FY2022 Conference Call”

November 15, 2021

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Moderator: Ladies and gentlemen, good day and welcome to the PNC Infratech Limited Q2 FY2022 Earnings Conference Call hosted by Anand Rathi Shares and Stockbrokers. This conference call may contain forward looking statements about the company, which is 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 uncertainty that are difficult to predict. 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 for an operator by pressing “*” then “0” on your touchtone telephone. I now hand the conference over to Mr. Prem Khurana from Anand Rathi Shares and Stockbrokers. Thank you and over to you Sir!

Prem Khurana: Thank you. Good afternoon, ladies, and gentlemen. On behalf of Anand Rathi Shares and Stockbrokers, I welcome you all to PNC Infratech Q2 FY2022 and H1 earnings conference call.

From the management to share the perspective on the current quarter as well as the way forward, we have with us Mr. Yogesh Kumar Jain - Managing Director, Dr. B Sawhney – Chief Financial Officer and Vice President (Finance), Mr. D.K. Maheshwari.

To begin with, we will have opening remarks from the management then we will open the floor for interaction at the Q&A session. Over to you Sir!

Yogesh Kumar Jain: Good afternoon, friends and a very warm welcome to all of you present on the call to discuss our financial results for Q2FY22.

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

Before we start, on behalf of PNC family, I would like to take this opportunity to wish everyone a very Happy Diwali and a Prosperous New Year.

First, I would like to share my thoughts on key sectoral developments, followed by financial and operational highlights of the Company.

Hon’ble Transport Minister Shri Nitin Gadkari Ji has set an ambitious target of 40 kms per day for FY2022 based on the projects pipeline at both execution and awarding stage.

However, current pace of construction being around 21.8 kms per day, owing to prolonged and active monsoon coupled with second wave of covid-19 during 1st Half of FY22, the pace of construction activity should substantially be picked up in 2nd Half of FY22 to meet such a challenging target, for which active support and timely decisions by authorities is essential.

Another significant development is that the government is considering disbursement of compensation for land and buildings etc directly to the owners, instead of routing it through district administrations.

In the new system, the amount will be directly transferred to the beneficiaries' account through the Public Finance Management System which will not only expedite the acquisition process but also will avoid idling of thousands of crores of funds in the banks, which can be utilised for development.

To streamline India's infrastructure development in a coordinated and integrated manner, Hon'ble Prime Minister launched 'PM Gati Shakti National Master Plan for seamless multi-modal connectivity on October 13.

Industry believes that, with this initiative every department will now have real time visibility of each other's activities, providing critical data while planning and executing projects in a comprehensively integrated manner.

Hon'ble Prime Minister wants the entire process of infrastructure creation should be streamlined beginning from planning, land acquisition till commissioning, with seamless connection and coordination between all the stakeholders on real time basis.

Industry expects the above key policy initiative will greatly help in both rolling out and execution of infrastructure projects in timely manner.

Now coming to the key updates of the company :

As mentioned in the previous earnings calls, the company will look for diligent diversification in project development business to maintain the growth momentum without assuming concentration risk.

Rural drinking water sector supply would continue to be one of such sectors, as more project opportunities are expected under the Jal Jeevan Mission.

However, given strong pipeline of projects from both Central and State authorities under Bharatmala Pariyojana and National Infrastructure Project Pipe Line, our focus and priority area would continue to be the road sector.

At present, our company has a total of 18 projects on PPP format, comprising BOT-Toll, BOT Annuity, OMT and HAM assets.

Out of the 18 assets, we have 11 HAM projects with an aggregate Bid Projects Cost over Rs. 16,000 crores. In HAM portfolio, we have already achieved PCOD for 4 projects and balance 7 are under construction.

In terms of equity infusion, total requirement for all 11 HAM projects is Rs. 1468 crores, out of which, we have already invested Rs. 665 crores till September 2021 and balance would be invested over the next 2-3 years.

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

Now moving on to our order book.

Our unexecuted order-book on 30th September 2021 was over Rs. 13,000 crores, that gives an assured revenue visibility for the company over next 2 years.

Of the total order-book, roads EPC contracts contribute 24%, HAM projects contribute around 48% and Water & Irrigation projects contribute around 28%.

Now I would present the standalone results for 2nd Quarter of FY22

Revenue of 2ND quarter of FY22 is Rs. 1,615 crore which is higher by 53% as compared to Rs. 1,053 crore in 2ND quarter of FY21.

The EBITDA for 2ND quarter is Rs. 222 crore which is higher by 56% as compared to Rs. 142 crore in Q2 FY21. The EBITDA margin for 2ND quarter of FY22 is 13.7%.

The profit for 2ND quarter of FY22 is Rs. 135 crore as compared to Rs. 69 crore in 2ND quarter of FY21, a growth of 95% on YOY basis.

Moving on to Half Yearly performance

Revenue of 1st half of FY22 is Rs. 2,866 crore which is higher by 46% as compared to Rs. 1,959 crore in 1ST half of FY21.

The EBITDA for H1 FY22 is Rs. 397 crore which is higher by 52% as compared to Rs. 262 crore in H1 FY21. The EBITDA margin for 1ST half of FY22 is 13.9%.

The profit for 1st half of FY22 is Rs. 229 crore as compared to Rs. 129 crore in 1st half of FY21, a growth of 77% on YOY basis.

I'll now take you through Consolidated Financials for quarter ended 30th September 2021.

Consolidated revenue of Q2 FY22 is RS. 1,798 crore as compared to Rs. 1,248 crores in Q2 FY21, registering a growth of 44%.

The consolidated EBITDA FOR 2ND quarter of FY22 is Rs. 366 crore which grew by 20% as compared to Rs. 304 crore for 2ND quarter of the corresponding quarter last year.

The EBITDA margin for 2nd quarter of FY22 is 20.4%.

The consolidated PAT for 2ND quarter of FY22 is Rs. 132 crore as compared to Rs. 78 crore in Q2 FY21, a growth of 70%.

Half Yearly Performance

Consolidated revenue of 1ST half of FY22 is Rs.3,260 crore as compared to Rs. 2,341 crores in 1ST half of FY21, registering a growth of 39%.

The consolidated EBITDA for 1ST half of FY22 is Rs. 729 crore which grew by 23% as compared to Rs. 591 crore for corresponding period last year.

The EBITDA margin for 1ST half of FY22 is 22.4%.

The consolidated PAT for 1ST half of FY22 is Rs.245 crore as compared to Rs. 173 crore in H1 FY21, a growth of 42%.

ON THE STANDALONE BALANCE SHEET SIDE,

As on 30TH September 2021 our net working cycle is 103 days which is similar as compared to 30TH June 2021.

Our net worth on standalone basis is Rs.3,124 crores as on 30TH September 2021 whereas total debt is Rs.335 crores and all of which is equipment finance debt.

We do not have an working capital loan as on 30TH September 2021. The total cash and bank balance as on 30TH September 2021 is Rs. 501 crore. We have a net cash balance of Rs. 166 crore. This translates to net debt to equity of 0.11 times

On consolidated basis our networth is Rs. 3,291 crores whereas total debt is RS. 4,442 crores as on 30TH September 2021. The total cash & bank balance including current investments is Rs. 1123 crore. This translates to net debt to equity of 1.35 times.

With this, we now open the floor for questions-answers.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar:

Good evening, Sir, and thanks for the opportunity and congratulation on a good set of numbers. The first question is, we have been guiding for order inflow of Rs. 80 billion to Rs. 90 billion in FY2022, revenue guidance of 20% given our performance in the first half, do you think we can increase our revenue guidance and secondly on the order inflow given the fact that we have not had any major order inflow in the first half or how are you seeing the order inflow for FY2022?

T. R. Rao:

The guidance, as of now, we will maintain between 20% -25% over the last year that comes to around Rs. 60 billion. During Q2 and beginning of Q3, monsoon has protracted, even it has been very active at many of our project sites during the October; so, progress got subdued. However, we will be able to give you the guidance with more certainty, once the third quarter gets over. So, as of now, we are maintaining the same guidance of 20%-25% over the past year. About, order inflow, we have given guidance of Rs. 80 billion, which we still maintain because four months' time is still there and there are lots of projects on the anvil. Therefore, we maintain it to be around Rs. 8,000 Crores.

Mohit Kumar:

Sir, on the EBITDA margin of course we have done pretty well in the first half, do you see any downward risk to the margin can be a very, very sharp rise in international prices?

D.K. Maheshwari:

As we are having price indexation/escalation provisions in our contracts, there should not be any major impact on the margin.

- Yogesh Kumar Jain:** We expect, it would be maintained between 13.5% to 13.75%..
- Mohit Kumar:** Is there any portion that is fixed-price contracts in the order book?
- T. R. Rao:** No, all our EPC contracts have price variation clause. Even in the case of HAM projects, there is price indexation provision and payments we receive against the same are passed onto EPC either directly or indirectly, as such all contracts are covered under price variation provision.
- Mohit Kumar:** Understood Sir. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Thanks Sir and congratulations on a good set of numbers. My first question is on the JJM projects, what was the revenue contribution of the JJM projects in this quarter?
- Yogesh Kumar Jain:** Which one?
- Parikshit Kandpal:** Jal Jeevan Mission water projects in UP?
- T. R. Rao:** In UP we have water projects under two phases, under the first phase we have small project of Rs. 290 Crore value, there we have completed around 10% of the work. In the second phase, we have projects of worth more than Rs. 3,000 Crores, for which DPR preparation and approval processes are on and we already commenced drilling of the borewells at around 25 locations. Going forward, we will have some amount of revenue from these phase 2 water projects in Q3 and which will be further increased during Q4 of this year.
- Parikshit Kandpal:** How many sites have been given in terms of total DPR as to which, how many sites or worth in Crores have been given?
- T. R. Rao:** We have around 1800 DPRs in total. Out of 1800 DPRs, 1200 DPRs have already been prepared and submitted to the Client, which are under different levels of approval. Around 500 DPRs already approved by State Level Screening Committee and for 233 DPRs we already executed the tripartite agreements. For the remaining DPRs, approval and as well as agreement signing activities are in progress.
- Parikshit Kandpal:** In terms of value, how much will be this October which we have done, you said approvals have?
- T. R. Rao:** Yes, these 233 DPRs roughly translate in to Rs. 400+ Crores .

- Parikshit Kandpal:** And this can be executed in how much time Sir, six months?
- T. R. Rao:** 18 months for execution of these projects from the date of handing over the sites as such we should be able to execute within the next 1 ½ and 2 years.
- Parikshit Kandpal:** I am saying in this financial year, how much will be the revenue contribution from these Rs. 3,600 Crores ?
- T. R. Rao:** Revenue from water projects will be around Rs. 200 Crores during the current financial year.
- Parikshit Kandpal:** The raw material prices have gone up and 60% on the projects has bought out items, so how are you protected here in terms of escalations just you can touch upon that?
- T. R. Rao:** HDP pipes are one of the key items of the projects are covered under the escalation clause as the resin of IOC refinery at Mumbai fixed as a base price and in case of any increase in the resin price, the same is covered under the escalation.
- Parikshit Kandpal:** So, we will not have any margin impact on these so we will have similar margins of about 13.5% to 14% in these projects as well?
- T. R. Rao:** We expect so. How things will unfold need to be seen, but we still expect that kind of margin in water projects also.
- Parikshit Kandpal:** Just one last, on the monetization of the HAM asset portfolio and the final, close coming in from Aligarh, you can just give some timeline on the Aligarh project and when do we expect the monetization of HAM projects?
- D.K. Maheshwari:** As regards the Aligarh projects, we have already received the change in ownership from NHAI, however, two NOCs are still pending which is COD , descoping, and Extension of Time. These are under process at NHAI HO level, and we are expecting that by 15th January it will be finalized. They have already given the change in ownership in the name of Cube highways and they have already received the NOC from all the lenders.
- Parikshit Kandpal:** Money will come in by January'22 end for this project?
- D.K. Maheshwari:** Hopefully.
- Parikshit Kandpal:** And how much is the amount has there been finalized now?

- D.K. Maheshwari:** Amount has not been finalized so far because the considerations are in different manner such as, the amount to be received from NHAI on account of the revenue shortfall, lump sum amount to be paid by Cube highway, so at this point of time, amount is not finalized.
- Parikshit Kandpal:** Okay just on the HAM asset monetization if you can submit from the progress there, at what stage level of discussion we are with potential investors?
- D.K. Maheshwari:** Two investors given the final valuation at their level, and it is in the final stage internally and we are hoping that by end of Dec'21, we will finalize then they will start the due diligence and by the end of the financial year we are expecting that it should be finalized.
- Parikshit Kandpal:** How much is the expected value which is under this valuation has been or what amount of equity investments may come?
- D.K. Maheshwari:** Amount infused on account of equity Rs. 675 Crores in these projects and the valuation is certainly higher than this amount.
- Parikshit Kandpal:** That is all from my side. Thank you and all the best.
- Moderator:** Thank you. We have the next question from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.
- Shravan Shah:** Thank you. First of all, congratulations on a good set of numbers. Just continuing that this Rs. 675 Crore is for six HAM and one annuity?
- D.K. Maheshwari:** Yes, five HAM and one annuity.
- Shravan Shah:** Five HAM and previously we were looking at six, now this is a five HAM and one annuity?
- D.K. Maheshwari:** Yes.
- Shravan Shah:** Second, the amount that we need to invest in equity in HAM, so in terms of the 2022-2023 and 2024 break up if you can help?
- D.K. Maheshwari:** Actually, we require total equity in the 11 HAM project is Rs. 1,468 Crores and out of that we have already infused till 30th September 2021 is Rs. 665 Crores. The remaining will be Rs. 800 Crores of which around Rs. 328 Crores will be invested by March 2022, Rs. 320 Crores in FY2023 and Rs. 200 Crores in FY2024.
- Shravan Shah:** Okay, so this Rs. 328 is for the entire whole of FY2022, so whatever we invested should be minus from them?

- D.K. Maheshwari:** Right.
- Shravan Shah:** Okay and Sir, in terms of the inflow we said the Rs. 8,000 Crores, so in that how much more HAM are we looking at?
- T. R. Rao:** We are approximately targeting new projects of around 50% under HAM and 50% under EPC modes.
- Shravan Shah:** Okay, any irrigation, railway, airport anything is there in?
- T. R. Rao:** There is a 10% worth of airport projects also included in the projects what we are pursuing now. As of now we are not looking at any opportunities in irrigation and metro rail spaces.
- Shravan Shah:** Capex guidance for the full year, last time you said Rs. 100 Crores – Rs. 125 Crores, so we have done very little CAPEX this time, so what sum number we are looking at for the full year?
- D.K. Maheshwari:** For FY2022, we are expecting around Rs. 100 Crores to Rs. 120 Crores CAPEX.
- Shravan Shah:** I need a breakup of the order book for individual projects, the ones which are not there in the presentation, so I will be naming the project and if you can help me with the outstanding order book, so Nagina-Kashipur how much?
- D.K. Maheshwari:** Nagina-Kashipur is Rs. 145 Crores.
- Shravan Shah:** Varanasi-Gorakhpur?
- D.K. Maheshwari:** Varanasi-Gorakhpur almost completed and on September 30, it was Rs. 25 Crores outstanding.
- Shravan Shah:** Bhojpur-Buxar?
- D.K. Maheshwari:** Bhojpur-Buxar is Rs. 115 Crores.
- Shravan Shah:** Koilwar-Bhojpur?
- D.K. Maheshwari:** Rs. 107 Crores.
- Shravan Shah:** Chitradurga-Davangere, so I hope it must be completed by now?
- D.K. Maheshwari:** Almost completed.

- Shravan Shah:** Jhansi-Khajuraho package I?
- D.K Maheshwari:** Rs. 103 Crores.
- Shravan Shah:** The second one, Khajuraho package II?
- D.K Maheshwari:** The second one is almost completed; we have only received the PCOD, only Rs. 8 Crores to 10 Crores is outstanding.
- Shravan Shah:** Okay, then the Challakere-Allahabad?
- D.K Maheshwari:** It is Rs. 550 Crores.
- Shravan Shah:** Aligarh-Kanpur Package II that was around Rs. 30 Crores last time?
- D.K Maheshwari:** II is completed, we have already led the PCOD.
- Shravan Shah:** Challakere-Hariyur?
- D.K Maheshwari:** It is Rs. 728 Crores.
- Shravan Shah:** Purvanchal package V?
- D.K Maheshwari:** Rs. 112 Crores.
- Shravan Shah:** And the second package?
- D.K Maheshwari:** Rs. 142 Crores.
- Shravan Shah:** Mumbai-Nagpur?
- D.K Maheshwari:** Rs. 208 Crores.
- Shravan Shah:** Mumbai-Nagpur will be over by December now?
- D.K Maheshwari:** Yes.
- Shravan Shah:** Okay and Delhi-Vadodara package 29?
- D.K Maheshwari:** Package 29 is Rs. 673 Crores and Package 31 is Rs, 740 Crores.
- Shravan Shah:** The value of the irrigation project which was Rs. 1000 Crores last quarter?

- D.K Maheshwari:** Rs. 975 Crores.
- Shravan Shah:** The other one is Rs. 276 Crores value what is it now?
- D.K Maheshwari:** Hamirpur Rs. 255 Crores is outstanding as against Rs. 275 Crores, we have executed of work of Rs. 20 Crores.
- Shravan Shah:** So, working capital days and debt, so there it will anything will remain at the current level for any further improvement in working capital days?
- D.K Maheshwari:** Working capital days is 103 days as of 30th September 2021 as against 103 days as on 30th June 2021.
- Shravan Shah:** Yes, so by March are we expecting some improvement, or will you remain at the same level?
- D.K Maheshwari:** We should reduce. There were certain payments of around Rs.300 Crores for the September 2021 which we have received in October 2021,
- Shravan Shah:** Broadly if I look at the debtors which we are at Rs. 1,261 Crores, is it possible to broadly break it down?
- D.K Maheshwari:** We will share it with you.
- Shravan Shah:** Okay, no issues Sir. Thank you and all the best.
- Moderator:** Thank you. We have a text question from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Thanks for taking my question. Congrats on a great execution once again. At this point, there is no L1 project in our order book right?
- Yogesh Kumar Jain:** Yes; all awarded projects have started.
- Vibhor Singhal:** Was there any order cancellation or descopeing or reduction of some orders in this quarter. Because if I look at our order book last quarter including L1 and if I look at our order book this quarter there is a gap of almost Rs.700 Crores if I remove the execution also?
- D.K. Maheshwari:** That is because of 1 order of water which has given to Contractor amounting to Rs. 915 Crs has been reduced from our contract in hand.

- Vibhor Singhal:** Got it and our order inflow in the first half of this year we have not received any large orders, right?
- Yogesh Kumar Jain:** Yes.
- Vibhor Singhal:** So, in case of bidding of NHAI projects, you all know the competitive intensity is very high but how do you see it going forward for the next half and with next year, or do you think we have seen a lot of small players getting into EPC and HAM also which has probably made competition very intense. But do you see this competition will come down and we will be able to get those Rs. 8,000 Crores of orders in the second half with these coming down??
- T. R. Rao:** Under Atmanirbhar Policy, they have heavily diluted qualifications criteria, and also dispensed with bid security requirement, as such there is no bank guarantee need to be submitted either for HAM projects or for EPC projects at the time of bidding. Net worth criterion also reduced from 20% to 5% of project cost and there are widespread reductions in the turnover criteria. As a result many small players have entered into the fray. As per the government policy, Atmanirbhar relief measures will last up to the end of December, post that once this bid security requirement as well as the original qualifications criteria, is restored there will be lesser competition and lesser number of players. We expect this kind of competition will not be there for a long which is otherwise also unsustainable.
- Vibhor Singhal:** Right, and apart from NHAI any other state government projects which are there in the pipeline which is as far as we know?
- T. R. Rao:** We are evaluating the opportunities because many state governments are coming up with expressways, but they have not bid out so far. We are keenly observing. But certainly in water sector UP government is coming out more projects, which we are looking into though we have not taken any call as of now.
- Vibhor Singhal:** Got it, great. Thank you so much for taking my questions and wish you all the best.
- Moderator:** Thank you. We have the next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good evening. Congratulations on a good set of numbers. My question is on the toll collections, what has been the toll collection if you can give us project-wise for Q2?
- D.K. Maheshwari:** The MP Highway is Rs. 11.5 Crores, the Kanpur–Ajodhya is Rs. 105 Crores, Kanpur Highway is Rs. 22 Crores, and Bareilly–Almora Rs. 12.3 Crores and Raebareli–Jaunpur (Annuity) Rs. 32.16 Crores.

- Jiten Rushi:** Narela?
- D.K. Maheshwari:** Narela Rs. 11.47 Crores.
- Jiten Rushi:** Okay, Ghaziabad?
- D.K. Maheshwari:** Rs. 53.7 Crores.
- Jiten Rushi:** On the order backlog I just want to ask that two projects of the water projects for Rs. 904 Crores and Rs. 2351 Crores has not started, so the value remains the same, right?
- Yogesh Kumar Jain:** Yes.
- Jiten Rushi:** Can you give the breakup of mobilization advance outstanding and retention money?
- D.K. Maheshwari:** Mobilization advance is Rs. 495 Crores as of 30th September.
- Jiten Rushi:** Okay, and retention?
- D.K. Maheshwari:** Retention is around Rs. 162 Crores.
- Jiten Rushi:** What has been the equity invested and Capex did in the first half?
- D.K. Maheshwari:** First half Rs. 23 Crores we have invested in equity.
- Jiten Rushi:** Capex in the first half I think very small, any number?
- D.K. Maheshwari:** In the first half it is Rs. 15 Crores
- Jiten Rushi:** Okay, and on the bank limits, what are the bank limits fund based, non-fund based, and utilization levels?
- D.K. Maheshwari:** Fund based in Rs. 1,000 Crores and utilization is zero and non-fund based is Rs. 5,000 Crores end utilization is Rs. 2,600 Crores
- Jiten Rushi:** Rs. 2,600 Crores is the balance?
- D.K. Maheshwari:** We have utilized Rs. 2,600 Crores.
- Jiten Rushi:** On the current outstanding bid pipeline, so you had highlighted around Rs. 11,000 Crores last mine Q1, so call what is the current outstanding bid pipeline in terms of projects like

EPC and HAM and in which region we have bid for and now going forward how many projects?

T. R. Rao: It is Rs. 9,200 Crores.

Jiten Rushi: Okay, and the breakup between EPC and HAM?

T. R. Rao: The EPC is around 30% and HAM is around 70%.

Jiten Rushi: What are the targets to bid on new projects like the Ganga Expressway let us say because still it is not out, so are you planning to bid Ganga Expressway on the table or we are just going to skip it?

T. R. Rao: We have not taken a final call. Now the bid date has again been extended and we are evaluating. In NHAI, we have identified a project worth around Rs. 25,000 Crores to be bid in the next 2 to 3 months.

Jiten Rushi: Okay, that is all from my side. If I have any more questions I will come back into the queue. Congratulations and all the best. Thank you.

Moderator: Thank you. We have the next question from the line of Ashish from Centrum Broking. Please go ahead.

Ashish: Thank you. By when do you think the residual number of projects will become available for execution and do you think with the upcoming elections in UP in early next year there could be some sort of derailment of this entire approval process??

T. R. Rao: No, Ashish ji these projects will continue because it is a very ambitious project and also very prestigious for both state and central government. In 2024 the general elections are so the main target is to complete all these projects before the 2024 general elections. So, there will not be any kind of interruption in the fund flows, and all this will continue and by end of this financial year we expect around Rs.1,000 Crores worth of projects will be cleared for execution, and also by that time we would have commenced the execution also on these Rs.1,000 Crores and going forward maybe by the middle of next calendar year this entire set of projects will be approved for construction.

Ashish: Okay, also in terms of the irrigation project we have in AP we did say that we have executed a small portion of that project. Now, how is the overall availability of funding for that project are we confident that as we go and execute this project will we be paid on time, if any sense on that will be helpful?

- T. R. Rao:** The works are not going on because from the Srisailam reservoir they released the water into the canal system so we had to suspend the works which are there in the canal. Other ancillary works we are doing, and state government is trying because this is a prestigious project announced during the last elections, they made a commitment to the people of Rayalaseema saying that these projects will be completed before 2024. So, the state government is trying to garner the funds, otherwise they said that they would provide the budgetary allocation to complete these projects before the 2024 assembly elections. We do not foresee any major issue in the provision of funds, and we hope that payments will be released.
- Ashish:** What would you think is the possible execution on this you said currently the works are suspended? Let us say in the second half what is the kind of execution you may expect from this project?
- T. R. Rao:** Our men and material and also agencies are there, we will resume the works in February, which can go up to August. In the next two working seasons we will try to complete the entire project. The scheduled date is 2024 March but before that, we will complete. During the 2022 and 2023 working seasons, we will complete 100% project.
- Ashish:** Basically, you are saying August of 2023 is when you are expecting that will be the stand of the second working season and you expect it will be done by that time?
- T. R. Rao:** Yes, project will be almost completed by that time.
- Ashish:** Okay, lastly on this the whole bidding intensity, etc., can you highlight what is the quantum of projects that we might have done during this first half and then probably lost it out to a competition where we might have stood L2, L3, etc. if you give us some sense on what is the kind bidding that you have done and where you have stood in this bidding?
- T. R. Rao:** We have done some analysis, we will share with you what kind of projects we bid on and where we are not the L1 in HAM. We have done the analysis we will share with you.
- Ashish:** Thank you very much and all the best.
- Moderator:** Thank you. We have the next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** Good afternoon. Thanks for taking my question and congratulations on a great set of numbers. My first question is out of our overall order book of about Rs. 13,300 Crores except that Rs. 3,200 Crores of JJM project is there any other project on which execution has not started till now?

- T. R. Rao:** We started execution in all our projects.
- Parvez Akhtar Qazi:** Basically, what I wanted to say is let us say in the second half we will do about Rs. 3,000 Crores -Rs. 3,200 Crores of execution, so our existing order book will probably be somewhere around Rs. 10,000 Crores by this year-end. Now, assuming let us say Rs. 8,000 Crores odd of orders over the next four months for most of those projects probably execution will start only in Q4 assuming let us say land, etc., is there and probably may not contribute that much to revenues in FY2023. So, out of this Rs. 10,000 Crores of executable order booklet we say in the first nine months of FY2023 what is kind of revenues that we can get. I am sure all of these will be underway so execution will be very strong, but in any sense based on the timeline what is the kind of execution that we can see in FY2023 from these Rs. 10,000 Crores orders?
- T. R. Rao:** These Rs.10,000 Crores projects will be in full swing during FY2023 because all these projects by the time would complete more than 50% and the projects towards completion and all. So, we expect a substantial percentage of this in FY2023 out of this Rs. 10,000 Crores and the project what we are going to secure in the next four months in case of EPC the turnaround time is very less. So, once the appointed date is done, we will be able to commence immediately, only in case of HAM as we need to go for financial closure, there is some lag between award and the commencement, but in case of EPC, we can immediately start construction. So, these projects also will certainly pick execution during FY2023. We will share with you the details, and we already had a plan and how to go about it.
- Parvez Akhtar Qazi:** Sure, thank you. That is it from my side and all the best.
- Moderator:** Thank you. We have the next question from the line of Bharani Vijay Kumar from Spark Capital. Please go ahead.
- Bharani Vijay Kumar:** Good afternoon. I just wanted to know the overall potential of this Jal Jeevan Mission project in UP for the next two to three years.
- T. R. Rao:** In the first phase, they came out with projects of Rs. 10,000 Crores which are located in dry regions of UP such as Bundelkhand and also in this Sonbhadra region. In the second phase which we are currently executing, there are total 34,000 villages, value comes to around Rs. 50,000 Crores. Now they are coming out with another 30,000 villages under the third phase and the remaining shall be in fourth phase. UP has got 98,000 villages and around 62,000 gram sabhas with a total potential of Rs. 1.0 lakh Crores worth water projects in UP itself. This will be funded by the central government 50% and the remaining will be the state government 50%.

- Bharani Vijay Kumar:** Okay, you mentioned phase-IV would be around Rs.20000 Crores?
- T. R. Rao:** Overall it would be around Rs. 1,00,000 Crores.
- Bharani Vijay Kumar:** Overall Rs.1,00,000 Crores right.
- T. R. Rao:** Yes, till phase II we are halfway through so another Rs.50,000 Crores worth of projects are on the anvil.
- Bharani Vijay Kumar:** Sure, so any idea of what percentage of our order book will be comprised of these water projects say by FY2023 and FY2024?
- T. R. Rao:** As of now it is coming around 20% to 25%.
- Bharani Vijay Kumar:** Okay, and this increase in receivables as of September would primarily be road projects, or is it irrigation?
- T. R. Rao:** These are primarily road projects but the majority of that we received in October.
- Bharani Vijay Kumar:** Okay, and finally you had mentioned that you would send across a few details like first half bidding activity, etc.
- T. R. Rao:** That we will share with you separately.
- Bharani Vijay Kumar:** Okay, how do we get in touch with you for that?
- D.K. Maheshwari:** You can take it from Mr. Jigar of Strategic Advisor.
- Bharani Vijay Kumar:** Okay, understood, and thanks and all the best.
- Moderator:** Thank you. We have the next question from the line of Meet Parikh from Anand Rathi. Please go ahead.
- Meet Parikh:** Thank you for the opportunity. I just wanted to ask how much debt will the company be drawing for the HAM projects now they are under construction, so how much debt would they be drawing going ahead in the next year or so.
- Yogesh Kumar Jain:** Next two-three years?
- Meet Parikh:** Yes.

- D.K. Maheshwari:** Actually, the total sanction is Rs. 6,400 Crores and as of the date it is Rs. 3,019 Crores, let us say repayment has also been started for a project for which we have received the PCOD. So, more, or less there should not be much more increase because repayment of one project has started and repayment of three projects will start from December.
- Meet Parikh:** Okay, and regarding the tax, what will be the tax guidance for FY2022?
- D.K. Maheshwari:** FY2022 it will be 26%.
- Meet Parikh:** Do we have any mat credit less or it has been fully utilized?
- D.K. Maheshwari:** We have reversed around Rs.10 Crores in first quarter.
- Meet Parikh:** In the second quarter?
- D.K. Maheshwari:** In the first quarter.
- Meet Parikh:** Okay, thank you.
- Moderator:** Thank you. We have the next question from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.
- Shravan Shah:** Two questions, first the asset monetization that you have said after that these 5 HAMS and 1 Annuity, I am assuming this would be a directly selling to cube or some other investor. But going forward are we looking for an InvIT format?
- D.K. Maheshwari:** We are also working on that.
- Shravan Shah:** It may possible that even this can be through the InvIT mode?
- D.K. Maheshwari:** Yes, it may be.
- Shravan Shah:** Okay, and second in terms of the early completion bonus so last time we have talked about Purvanchal packages 5, 6, and Nagpur in the third quarter any bonus to be booked or most likely it will be in the fourth quarter?
- T. R. Rao:** It will be in the fourth quarter. For Purvanchal package-5, we received the provisional completion certificate four months ahead of the scheduled completion, so we will expect bonus either in the fourth quarter this year or first quarter of next year because certain internal processes and approvals are involved.

- Shravan Shah:** Okay, and Mumbai – Nagpur also by December it would be over there also in the fourth quarter we can expect early completion bonus?
- T. R. Rao:** No, that may take some time, towards the end of first quarter of next year we expect.
- Shravan Shah:** Okay, and on the standalone level this Rs. 335 Crores odd debt level likely to be maintained going forward?
- D.K. Maheshwari:** It will go down and we are expecting by the end of this financial year it should be Rs. 150 Crores. We have recently started to repay.
- Shravan Shah:** Okay, thanks all the best.
- Moderator:** Thank you. We have the next question from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Thank you for taking my question and one last question on we were supposed to receive an early completion bonus of Rs. 13 Crores for the old project still we are waiting for that, any timeline?
- T. R. Rao:** We expect this before the end of this financial year.
- Jiten Rushi:** Okay, end of financial year we can expect?
- T. R. Rao:** Yes, for Aligarh – Moradabad Project.
- Jiten Rushi:** Aligarh – Moradabad stretch?
- Jiten Rushi:** So, we will send across the mail for the details by today evening or tomorrow. Thank you and all the best.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions at this time. I now hand the conference over to the management for closing comments.
- Yogesh Kumar Jain:** Thank you everyone 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 Advisors our Investor Relations Advisors or feel free to get in touch with us. Thank you.
- Moderator:** Thank you. On behalf of Anand Rathi Share and Stockbrokers that concludes this conference. Thank you for joining us and you may now disconnect your lines.