



PNC Infratech Limited
Q3 Result Earnings Conference Call

February 15th, 2019



ANALYST:

MR. ALOK DEORA – YES SECURITIES

MANAGEMENT:

**MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR
– PNC INFRA TECH LIMITED**

**MR. T. R. RAO – EXECUTIVE VICE PRESIDENT – INFRA
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**MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE
– PNC INFRA TECH LIMITED**

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Moderator: Ladies and gentlemen, very good afternoon. Thank you for standing by and welcome to PNC Infra Quarterly Results Conference Call for the financial year 2019. During the course of presentation, all participants will be in listen-only mode and I would like to now hand over the proceedings to Mr. Alok Deora. Thank you and over to you sir.

Alok Deora: Good afternoon everyone and on behalf of Yes Securities I welcome you all for the Q3FY19 Earnings Call of PNC Infratech. We have with us today Mr. Yogesh Kumar Jain, Managing Director; Mr. D.K. Maheshwari, Vice President – Finance. We will start with the opening remarks by the management followed by a Q&A. Thank you and over to you sir.

Yogesh Kumar Jain: Good afternoon friends, I welcome you all to participate in our Earnings Conference call to discuss on our financial and operational performance for the quarter and nine months ended December 31, 2018. Along with me I have Mr. T R Rao, Executive Vice President (Infrastructure) and Mr. D. K. Maheshwari, Vice President (Finance) and Strategic Growth Advisors, our Investor Relations Advisors.

I'll start with highlighting couple of points from interim budget 2019, after which I'll highlight key updates on the Industry then will discuss the Company's performance.

In the interim budget, the capital outlay for Road Transport and Highways has been increased by approximately 13%. The allocation to NHAI has increased by 12% as compared to FY19, whereas allocation to MORTH is expected to grow by approximately 13%. Pradhan Mantri Gram Sadak Yojna witnessed a 23% growth in allocation. NHAI is expected to meet approximately 67% of the total outlay through IBER. Resource mobilization from TOT mode is expected to be approximately 9% or Rs. 100 billion. With the government's focus on improving connectivity, it is expected that in full budget, the Government will further focus on boosting investments in Roads and Highways sector.

For the nine months in the current financial year, a total of 5,759 kms has been completed as against 4,942 kms in the corresponding period last year. There has been a slowdown on the project awarding front during the current year. The total project awarding under the Bharatmala Pariyojana (including residual NHDP) till October 2018 has been 6,407 Kms. It is expected that the Government may prefer to award more of EPC projects than HAM projects in the fourth quarter of current year and also in the next year, as majority of the developers are currently facing challenges in achieving financial closure for the projects, which are awarded in the previous year. The current fund-raising environment has not been very conducive due to liquidity crunch being faced by NBFCs and banks becoming more cautious in funding the infrastructure projects.

NHAI's fund raising plans through 2nd tranche of TOT has also not been very successful as the highest bidder has quoted 14% lower than the estimated price of Rs. 9.1 crore per KM. NHAI is also planning to raise Rs. 10,000 crores through Bharatmala Taxable Bonds in the current financial year.

The awarding activity is expected to pick-up post general elections as NHAI is concentrating during the decelerated awarding period on land acquisition and other ancillary activities like forest clearances, DPR preparation etc.

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

Our strategy of backward integration supported by end-to-end in-house execution capabilities developed over a period of time has helped us to strengthen our core expertise of project execution.

With execution of more than 60 projects till now, we continue to focus on 3 core areas of project execution to achieve our goal of executing projects within the budgeted cost and time, which include adequate equipment bank, skilled manpower and healthy financials.

We continuously augment and upgrade our equipment bank. In nine months of the current financial year, we have invested approximately Rs. 175 crores on plant & equipment and are planning to invest another Rs. 75 crores in the current quarter. With a total capex of Rs. 250 crores in financial year 2019, our total investment in equipment will be Rs. 550 crores in the last 3 years. With our gross block of Rs. 975 crores as of 31.03.2019, we can execute projects to Rs. 5,500-6,000 crores in a year.

To manage the large-scale higher project execution, we have also augmented our manpower at all levels. During the nine months of the current financial year, we have added more than 2,800 employees taking our total employee strength to over 8,600 employees as on 31.12.2018. The manpower addition at project execution as well as middle and senior management levels with varied skill sets and strong techno-managerial background along with additions to equipment bank enhances our in-house projects execution capability further.

Our Financial prudence is visible from our continued focus on keeping costs under check, improving profitability and maintaining sustainable liquidity position supported by strong balance sheet.

We have enhanced our fund-based limits to Rs. 750 crores from Rs. 650 crores which will enable us to execute projects without financial constraint. Our enhanced non-fund based limits of Rs. 3,350 crores will enable us to bid for higher number of projects, which are larger in size.

We also have a strong credit rating for the company at CARE AA- (Double AA Minus) for Long Term bank facilities and CARE A1+ (Single A1 Plus) for Short Term Bank Facilities, which enable us to keep our credit cost very competitive levels.

As far as risk diversification is concerned, our strategy is to be bid for projects of both Central and State Government agencies like NHAI, MoRTH, UPEIDA, MES, MSRDC, State Public Works Departments etc. in a balanced manner

We are also qualified to independently bid for a single project of up-to Rs. 4,000 crores, due to our proven track record of executing several large sized projects.

Now moving on to our Project Development Business:

Our project portfolio consists of BOT-Toll, BOT-Annuity, OMT and HAM projects. We have 4 BOT-Toll projects, 2 BOT-Annuity projects, 1 OMT project which are operational and 7 HAM projects which are under various stages of development.

Out of the 7 HAM projects, 4 projects are already into construction stage, 3 projects have achieved financial closure and we are awaiting appointed date from NHAI to start construction.

The operational and financial details of 7 HAM projects are as follows:

Dausa-Lalsot-Kathun HAM project is being implemented through our 100% subsidiary PNC Rajasthan Highways Private Limited. The project has achieved financial closure on 3rd April 2017 with a total debt of Rs. 371 crores. Total equity investment will be Rs. 66 crores of which we have already invested Rs. 56crores as on December 31, 2018. The NHAI will pay Rs. 384 crores as Grant during the construction period. The appointed date for the project was May 31, 2017 and as on December 31, 2018, 70% of construction is completed, and we have received two milestone payments.

Chitradurga-Davanagere HAM 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 infused Rs. 55 crores as on December 31, 2018. The NHAI has declared December 27, 2017 as the appointed date. As of December 31, 2018, 33% of construction is completed, and we have received two milestone payments

Jhansi-Khajuraho (Package I) HAM 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 and as on December 31, 2018, we have invested Rs. 64crores. The NHAI will pay Rs. 610 crores as Grant over the construction period. Appointed date for this project is 18th May 2018. As of December 31, 2018, 22% of construction is completed, and we have submitted invoice for first milestone payment, which is under process.

Jhansi-Khajuraho (Package II) HAM 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. As on December 31, 2018, we have invested Rs. 43 crores and 27% of construction is completed. In this project we have received first milestone payment.

Chakeri Allahabad HAM Project: is being implemented through our 100% subsidiary PNC Triveni Sangam Highways Pvt. Ltd.. NHAI has declared 20th September 2018 as the Financial Closure Date. As per the financial closure, the total debt, total equity and total grant will be Rs. 873 crores, Rs. 192 crores and Rs. 953 crores respectively. The Appointed Date for the project is awaited from NHAI.

Aligarh-Kanpur Package-II HAM Project: is being implemented through our 100% subsidiary PNC Aligarh Highways Pvt. Ltd. The NHAI has declared 5th November 2018 as the Financial Closure Date. As per the financial closure, the total debt, total equity and total grant will be Rs. 500 crores, Rs. 125 crores and Rs. 479 crores respectively. The Appointed Date for the project is awaited from NHAI.

Challakere to Hariyur HAM Project: is being implemented through our 100% subsidiary PNC Challakere (Karnataka) Highways Pvt. Ltd. The Financial Closure Date for the project as declared by NHAI is 7th December 2018 however, the Appointed Date for the project is yet awaited. The total debt, total equity and total grant for the project will be Rs. 440 crores, Rs. 110 crores and Rs. 463 crores respectively as per the financial closure document.

By end of current financial year, we expect to receive the Appointed Dates for Aligarh-Kanpur, Challakere-Hariyur and Chakeri Allahabad HAM Projects. We have already completed majority of pre-construction activities like setting up of camps & plants, mobilization of machinery and manpower, sourcing of key raw materials etc. which will enable us to start the construction immediately upon receipt of Appointed Dates for the above three HAM projects.

Total remaining equity for the 7HAM projects to be infused over the next 2-3 years will be around Rs. 832 crores out of which we have already invested Rs. 229 crores till December 31, 2018.

Now moving on to our order book

Our order book in terms of contracts pending execution is around Rs. 8,000 crores as on 31st December 2018 which includes the below 2 EPC projects totaling to Rs.2,520 crores for which we have received appointed dates from the project awarding authorities on 10.10.2018.

1. Two (2) contiguous packages of Lucknow- Ghazipur Six Lane Access Controlled Purvanchal Expressway Project in the state of Uttar Pradesh for an aggregate contract value of Rs. 2,520.00 crores.

The unexecuted order book as on December 31, 2018 does not include 4th Package of Nagpur-Mumbai Expressway and EPC components of Chakeri-Allahabad, Aligarh-Kanpur and Challakere-Hariyur HAM projects.

Out of the total unexecuted order book of over Rs. 7,965 crores, 64% is from EPC contracts and 36% 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.

Now I would now present the results for the quarter and nine months ended December 31, 2018.

Standalone Quarterly Result:

Revenue of 3RD Quarter of FY19 is Rs. 727 crore which is higher by 54% compared to 3RD Quarter of FY18. Revenue growth is mainly driven by

availability of land for accelerated execution of projects for which appointed dates were received during the current financial year.

EBIDTA of 3RD Quarter of FY19 is Rs. 102 crore which is higher by 54% as compared to 3RD Quarter of FY18.

EBIDTA margin was similar at 14.0% for 3RD Quarter of FY19 as compared to 3RD Quarter of FY18.

Profit before tax for 3RD Quarter of FY19 grew by 44% to Rs. 66 crores as compared to Rs. 46 crores in 3RD Quarter of FY18.

Profit after tax in 3RD Quarter of FY19 is Rs. 47 crore compared to Rs. 93 crores in 3RD Quarter of FY18.

The profit after tax has been lower as compared to 3RD Quarter of FY18 due to 80IA benefit of Rs. 49.8 crores for financial year 2014-15 was accounted for in 3RD Quarter of FY18.

Moving on to nine months results on Standalone basis

Revenue of nine months of FY19 is Rs. 2,021 crore which is higher by 84% compared to nine months of FY18.

EBIDTA for nine months of FY19 is Rs. 306 crore which is higher by 94% as compared to nine months of FY18.

EBITDA margin for nine months of FY19 is 15% which is higher by 76 basis points compared to nine months of FY18.

Profit before tax for nine months of FY19 grew by 136% to Rs. 228 crores as compared to Rs. 97 crores in nine months of FY18.

PAT of nine months of FY19 is Rs. 185 crore which is higher by 33% compared to nine months of FY18.

PAT for nine months of FY18 includes RS. 50 crores pertaining to 80IA benefit for financial year 2014-15 as mentioned earlier.

On the balance sheet side our,

On stand-alone basis, our net worth is Rs. 1980 crores as on 31ST December 2018. total debt of the company on a standalone basis is Rs. 452 crores which includes Rs. 130 crores for working capital and remaining Rs. 322 crore is for equipment finance. We have total cash and bank balance on standalone basis of Rs. 61 crores as on December 31, 2018. Our net debt to equity at standalone level is 0.23X.

With this, we now open the floor for Questions &Answers

Moderator:

So participants, should you wish to ask any question, please press "0" and "1" on your telephone keypad. I repeat, participants, should you wish to ask any

question please press "0" and "1" on your telephone keypad. So we have the first question from Mr. Mayank Goel. Your line is unmuted. Please go ahead.

Mayank Goel:

A couple of questions, sir as was highlighted in last quarter's call also the land status in all the three projects which are awaiting AD was above 80% and financial closure was also received quite some time back only. So the question is what is holding up from getting appointed dates on these projects? Is there any project specific issue which is going on?

Yogesh Kumar Jain:

There are some obstructions due to trees, structures and utilities ; as per NHAI latest policy they want to give 90% vacant land AD that's why they are delaying.

Mayank Goel:

Okay. So sir what will be the land status in Jhansi Package-I and Challakere-Hariyur?

Yogesh Kumar Jain:

In Challakere-Hariyur, it is around 80%.

Mayank Goel:

Okay.

Yogesh Kumar Jain:

Yeah.

Mayank Goel:

And Jhansi Package-I?

Yogesh Kumar Jain:

There is some trees cutting problem, but 90% land is available.

Mayank Goel:

Okay, okay. Sir secondly, I think there was some due diligence which was in progress for Aligarh-Ghaziabad for asset monetization thing. Sir any update on that?

D. K. Maheshwari:

Due diligence almost has been completed and we are in the final stage to sign the share purchase agreement of Ghaziabad very shortly.

Mayank Goel:

Okay. So this is for just one project Aligarh-Ghaziabad?

D. K. Maheshwari:

Yeah.

Mayank Goel:

Okay and any guidance on timelines when will it be announced approximate timelines?

D. K. Maheshwari:

Hopefully by end of the financial year, we will sign the share purchase agreement.

Mayank Goel:

Okay, okay. Okay sir. Sir can you help me with the order book backlog of some projects which were not there in your presentation like Varanasi-Gorakhpur, Aligarh-Moradabad, Bhojpur-Buxar, Koilwar-Bhojpur?

D. K. Maheshwari:

Yes. Koilwar-Bhojpur pending is Rs.393 crores.

Mayank Goel:

Okay.

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- D. K. Maheshwari:** And this Etah-Kasganj is Rs.150 crores, Bhojpur-Buxar is Rs.467 crores. These are other than the major six projects which we have presented in the presentation.
- Mayank Goel:** Sir Varanasi-Gorakhpur.
- D. K. Maheshwari:** Varanasi-Gorakhpur is Rs.445 crores.
- Mayank Goel:** Rs.445 crores. Okay sir. Sir lastly if you could help me with the toll collection number for this quarter as well.
- D. K. Maheshwari:** Yeah. Toll collection in MP Highway is Rs.12.8 crores. OMT project Kanpur-Ayodhyais Rs.96.3 crores. Kanpur highway is Rs.25 crores, Narela is Rs.10 crores and Bareilly-Almora is Rs.9.9 crores and Raebareli-Jaunpur annuity is Rs.32.16 crores.
- Mayank Goel:** Okay. Okay sir.Thank you. That's it from my side.
- Moderator:** Thank you very much. We have the next question from Mr. Parikshit from HDFC Securities. Please go ahead. Your line is unmuted.
- Parikshit:** Sir congrats on goodset of numbers. Sir this Purvanchal packages we have got appointed date in October but what will be the execution on the ground because we are not booking any revenues I think?
- Yogesh Kumar Jain:** Purvanchal work is going on in full speed. Earth work is going on so we are expecting turnover from this package in February-March.
- Parikshit:** What is the physical progress right now I mean 5%, 10%
- Yogesh Kumar Jain:** You can say around 5%.
- Parikshit:** As of now it is 5% and what you are expecting till March for the basically fourth quarter, how much contribution can come from this project?
- T.R. Rao:** Both packages together we are expecting a contribution of minimum Rs.100 crores before end of March.
- Parikshit:** Any particular reason, it's a little low on the lower side?
- T. R. Rao:** See initially earth work is going on as there is a massive earth work in both the packages, which has to be done in many layers and which is taking time. Once we come to the upper layers like GSB, WMM and then there will be accelerated progress in financial terms also.
- Yogesh Kumar Jain:** Now project is going in full swing.
- Parikshit:** And this Mumbai-Nagpur what will be the status now the work is I mean already you have got the appointed date in Jan so what is the status there?
- T. R. Rao:** There also work is going on. We have mobilized there completely and work is going on. We have got the appointed date with effect from 15th January 2019

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- Yogesh Kumar Jain:** But some small problem is there like delay in mining approvals and other things, so we are expecting turnover from this project in the first quarter of next financial year, not in this year.
- Parikshit:** But for this full year as a whole we have achieved Rs.10,000 crores of order-book so we hold on to that Rs.2,800 crores of guidance revenue, guidance right?
- Yogesh Kumar Jain:** Yes.
- Parikshit:** And sir this rest of the three projects will start contributing from I think 1st quarter this Rs.5,833 crores worth of jobs, 3 HAMs and this other the project from Mumbai-Nagpur. So what should be the quarterly run rate from the first quarter in terms of execution?
- Yogesh Kumar Jain:** Quarterly run rate would be around Rs.1,000 crores in the next financial year on an average.
- Parikshit:** Okay, looks to be to be little on the lower side because already I think from the existing order backlog of like Rs.7,000 crores, Rs.6,500 crores you were doing almost Rs.700 crores on an average and with the addition of almost similar size of orders so Rs.1,000 crores looks to be on the lower side.
- Yogesh Kumar Jain:** This is the guidance we want to maintain, going forward, we'll again review in the end of this year and when we will meet in the month of June, then we will revisit it.
- Parikshit:** Okay. Maheshwari sir just on the debt side, the debt has gone up and within your range of like guidance of Rs.400 to Rs.500 crores for this financial year so how does the guidance stand now and what kind of peak debt levels you are looking at for the next year?
- D.K. Maheshwari:** Actually in December 2018 our debt was Rs.452 crores which is mainly because of the term loan taken for equipment finance. This Rs.452 crores includes Rs.322 crores term loan for equipment finance and the utilization was hardly Rs.130 crore. We are expecting that in March 2019 OD limit will be in the range of Rs.100 to Rs.125 crores whereas term loan will increase from Rs.322 to Rs.375 crores. So gross debt will be around Rs.500 to Rs.525 crores and net debt will be around Rs.450 crores by the end of March 2019.
- Parikshit:** And next year?
- D.K. Maheshwari:** Next year also it should be in the range of Rs.400 to Rs.500 crore.
- Parikshit:** And lastly what is the mobilization advance pending to be received and what is currently you have got in our books?
- D.K. Maheshwari:** At presently we are having advances around Rs.540 crore whereas we have not taken yet the advances for Purvanchal and Mumbai-Nagpur and also for all the three new HAM projects advance is yet to be applied for.
- Parikshit:** Sir how much you are expecting to receive, how much is the amount expected?

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- Moderator:** Mr. Parikshit if you can just take the questions and come back in the queue because we have the long queue in line. Thank you.
- Parikshit:** Okay. Just the last question I was just wanting to know continuation of previous one.
- T. R. Rao:** See we have around Rs.900 crores of mobilization advance are pending which we can draw from these projects including Purvanchal, Nagpur and three HAM projects. Going forward before 31st March we will see how much we would be able to receive. Then after declaration of appointed dates, we will review the position and then accordingly we will draw for these three HAM projects.
- Parikshit:** Okay. Okay sir. Thank you.
- Moderator:** Thank you very much. I would like to repeat before we take the next question, so participants, should you have any questions please press "0" then "1" on your telephone keypad. I repeat it's "0" then "1" on your telephone keypad to ask questions. We have the next question from Mr. Vibhor Singhal from Phillip Capital please go ahead.
- Vibhor Singhal:** Good afternoon sir. Thank you so much for taking my question and congrats on a great set of numbers yet again. Sir my question was on the margins front. We are comfortable with these margins range of 13% to 14% that we have guided on the current projects and also on Mumbai-Nagpur and Purvanchal also?
- Yogesh Kumar Jain:** Yeah in the same line.
- Vibhor Singhal:** In the same line. Sure sir and sir on Mumbai-Nagpur Expressway what we are given to understand that I think the interest on the mobilization advance is pretty high in the range of 13% to around 14%.Soin that case, will we be looking to maybe take, may be turn down the advance and do it on our own balance sheet because our average cost might be lower than that.
- Yogesh Kumar Jain:** Yeah interest is on higher side. It is 12%.Sowe will think later on how much to take.
- Vibhor Singhal:** Okay so after we get the appointed date we will probably decide there and then.
- Yogesh Kumar Jain:** Yeah, yeah.
- Vibhor Singhal:** Sure and sir in terms of going forward now I think we have a very strong order book. If we include L1, we have an order-book of Rs.14,000-15,000 crores, so how are we planning to bid for further projects. We will bid for HAM projects or only EPC projects or we'll probably take some pause and execute on these and then we will try to take on new projects?
- Yogesh Kumar Jain:** We are evaluating few projects in HAM as well as EPC.
- Vibhor Singhal:** Are there any bids at this time which we have submitted?

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- T. R. Rao:** We have submitted bid for 1 package on Delhi-Vadodra Expressway which is due to be opened and also we have submitted bids for the airport privatization projects yesterday.
- Vibhor Singhal:** Sir which airport?
- T. R. Rao:** We have submitted bids for 4 airports.
- Vibhor Singhal:** Okay.
- Yogesh Kumar Jain:** And one package of Delhi-Mumbai expressway, we have already submitted.
- Vibhor Singhal:** Sure sir. That's all from my side. Thanks for taking my questions and wish you all the best.
- Moderator:** Thank you very much. So we have the next question from Mr. Saurav Mishra from B&K Securities. Your line is unmuted. Please go ahead.
- Saurav Mishra:** My questions have been answered. Thank you.
- Moderator:** Thank you very much Mr. Mishra. So participants, I would like to repeat if you wish to ask any question please press "0" and "1" on your telephone keypad. We have the next question from Mr. Priyankar Biswas from Nomura Securities. Please go ahead. Your line is unmuted.
- Priyankar Biswas:** Good afternoon sir. Congratulations on a good set of numbers yet again. My first question is can you provide me the pending order backlog for Dausa-Lalsot and Aligarh-Moradabad?
- D. K. Maheshwari:** Dausa-Lalsot is Rs.225 crore as on 31st December.
- D. K. Maheshwari:** Another one is?
- Priyankar Biswas:** Aligarh-Moradabad.
- D. K. Maheshwari:** Aligarh-Moradabad is only Rs.27 crores.
- Priyankar Biswas:** Okay. So sir my question is so most likely I think Aligarh-Moradabad should finish in this quarter, right? I mean in Q4.
- D. K. Maheshwari:** Yeah,
- Yogesh Kumar Jain:** This 28th, the minister will be inaugurating this project.
- D. K. Maheshwari:** Yeah, yeah.
- Priyankar Biswas:** So how much advance do we expect and when?
- D. K. Maheshwari:** We have already taken the advance in this project.

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- Priyankar Biswas:** Sorry sir, early completion bonus I meant how much early completion bonus do we expect? Let's say from this and when do we expect to receive it?
- T. R. Rao:** See 0.03% for each day is the early completion bonus up to a maximum of 100 days which comes to 3%, we have to work out when they will give the provisional completion then accordingly number of days of advance completion
- Yogesh Kumar Jain:** It is around Rs.20 crores say between Rs.19-20 crores.
- Priyankar Biswas:** Okay, okay I got it and lastly you said that you have submitted for four airports so what is exactly this model like this bidding model for these airports? So is this the traditional runway development or is it something else?
- T. R. Rao:** It is the operational management and development of complete airports. These are the brownfield airports that is existing operational airports of Airports Authority of India with a 50 years of concession period.
- Priyankar Biswas:** Okay. So in case if you win something of these airports do you need to put in any capital for this or is it like pure O&M that you get paid for services?
- T. R. Rao:** It's an O&M cum some capital investment project, which will depend upon the master plan, we have to prepare after the bidding. Based on the master plan, then we'll come to know what should be the initial Capex in the first phase of five years then accordingly we have to invest and we will be getting the operational income also. From the day they handover the airport from the COD, we keep getting the income from the operations.
- Priyankar Biswas:** So it's more like annuity type project or is it like a variable revenue?
- T. R. Rao:** It's not annuity. It's something like BOT user fee model.
- Priyankar Biswas:** Okay, okay. Got it, got it. Okay that's all from my side sir. Thank you.
- Moderator:** Thank you very much. We have the next question from Ankita Shah from Elara Capital. Please go ahead. Your line is unmuted.
- Ankita Shah:** Yeah, hi. Thanks for taking my question. Sir firstly, we didn't bid for the recent Bundelkhand Expressway project. Does the tender out?
- T. R. Rao:** Yes, it is tendered out and 5th March is the due date so we are evaluating the RFP and the draft contract documents accordingly we will take a call. Most likely we will bid for it.
- Ankita Shah:** Okay and sir how many packages and what would be the average size of each package?
- T. R. Rao:** There are total six packages Bundelkhand Expressway and average size will be around Rs.1,200 crores to Rs.1,300 crores each.
- Ankita Shah:** Sorry I missed the numbers Rs.1,200 to Rs.1,300 crores.

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- Yogesh Kumar Jain:** Average size is around Rs.1,200 to Rs.1,300 crores.
- D. K. Maheshwari:** There are six packages.
- Ankita Shah:** Yeah sure. Got it, got it. And sir what is the issue in the Mumbai-Nagpur project? I heard in the initial remarks you said there are some issues there. I just wanted to check on that.
- Yogesh Kumar Jain:** There are some mining approval is pending.
- Ankita Shah:** Mining approval?
- Yogesh Kumar Jain:** Mining approvals, yeah.
- T. R. Rao:** For sourcing the raw material particularly for minor minerals, the approval process is a bit lengthy in the state of Maharashtra, so we are pursuing it.
- Ankita Shah:** Okay, okay. So is it likely to slowdown the pace of project or when do you expect the, you know, full pickup should start for the project?
- Yogesh Kumar Jain:** It will be done within one month.
- Ankita Shah:** Okay, okay got it. And sir could you highlight which are the four airport projects and what would be the kind, you know, on what basis will the revenues would be dependent on if you are saying it's not fixed to the annuity numbers then on what basis it would be calculated?
- T. R. Rao:** Airports Authority has bid out six airports Ahmedabad, Mangalore, Trivandrum, Guwahati, Lucknow and Jaipur and we bid four out of the six. Now since the technical bids are not yet opened, we don't want to disclose which are the four airports we bid out of six airports. It is something like operational airports that we have to take. Both CNS and ATM means Air Traffic Management and Communication & Navigation Systems will remain with the Airports Authority, the terminal operations and other operations will be handed over to the selected concessionaires, who will collect the aeronautical and non-aeronautical revenues out of which we have to share the quoted amount per each passenger to the Airports Authority. As such, per passenger, we have to quote some amount 'x' amount and number of passengers multiplied by that amount we have to share with Airports Authority during the concession period of 50 years. And we have to develop the airport, as the traffic grows and the demand increases in terms of the infrastructure.
- Ankita Shah:** Okay, okay and in these aero revenues if I understand correct these are calculated on single till or hybrid till kind of model so is that also being already decided on what basis it will be calculated?
- T. R. Rao:** See as per the government policy the single till has been discontinued. It is on hybrid till only.
- Ankita Shah:** Okay. Okay, hybrid till only.

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- T. R. Rao:** Yeah, it is a development model. Whatever the non-aero revenue comes we have to consider 30% of that revenue in the AERA filing.
- Ankita Shah:** Right, right, right. Yes, yes. Okay and what would be the average size of these airport projects?
- T. R. Rao:** See that depends upon the master plan. See once we get the airport, we have to develop a master plan for the short term, medium term and long term development of these airports for the next 50 years. So based on the passenger demand and the estimated growth of these passengers over the next 50 years, we'll come to know what would be the investment on development.
- Ankita Shah:** Okay and this is likely to get finalized in FY20?
- T. R. Rao:** The government wants to finalize before end of this month latest by the first week of March, before the Code of Conduct kicks in.
- Ankita Shah:** Okay, okay. And just lastly how much Capex are we envisaging for the fourth quarter? We have already done Rs.174 crores.
- D. K. Maheshwari:** Around Rs.75 crores.
- Ankita Shah:** And FY20?
- D. K. Maheshwari:** It will be around Rs.100 to Rs.120 crores in FY20.
- Ankita Shah:** Rs.100 to Rs.120 crores. So majority of our Capex is almost done now in this year. I mean the Capex will decline now from next year onwards.
- D. K. Maheshwari:** By the end of FY19 end Gross block will be around Rs.950 crores.
- Ankita Shah:** Okay.
- D. K. Maheshwari:** And next year we should add Rs.100 to Rs.125 crores.
- Ankita Shah:** Perfect. Got it. Thank you so much and wish you all the very best.
- Moderator:** Thank you very much. I would like to repeat, participants, should you wish to ask any question, please press "0" and "1" on your telephone keypad. I repeat participants, if you wish to ask any question, please press "0" and "1" on your telephone keypad. We have the next question from Mr. Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Yeah, good afternoon sir. Thanks for taking my questions and congratulations, very good set of numbers. Sir I think somewhere in your remark you said next year you're looking at almost thousand odd crore rupees kind of average run rate in terms of revenues. So I understand you are already investing into Gross block as well as manpower has also been kind of taken up significantly but then do we able to sustain this kind of run rate and even grow bigger than this number, what kind of changes would be required in terms of processes that you follow or I mean the changes that could require at the organization level?

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- T. R. Rao:** Can you come again?
- Prem Khurana:** Next year we are targeting almost Rs.1,000 crores plus kind of number in terms of average run rate, right, in terms of construction revenues. Do we able to sustain that kind of number because I mean we are doing almost Rs.700 odd crores kind of number now and Rs.1,000 crores is pretty big jump. I mean I am assuming when you say Rs.1,000 crores of average number, you would start at lower number and by the time you finish next year I mean FY20, the number would be even higher than 1,000. So we have already done Capex in terms of machinery and everything is in place now and manpower has also been taken up but the way we operate and the way we were operating till this time, so would you be required to make any changes in the way we operate or the systems and processes that we follow or when we are looking at this Rs.1,000 or Rs.1,200 odd crores kind of number in terms of average run rate. So internally what all changes would you be required to make in terms of let's say the management bandwidth or the processes that we follow while bidding for new projects or deciding on where to source raw material from?
- D. K. Maheshwari:** We don't think any problem will be faced by us because we have already increased the Capex; as regard to manpower we have already recruited people and for financials also we are enhancing our limits. We don't think any major problem we will face for executing Rs.4,000-Rs.5,000 crores of the contracts in a year.
- Prem Khurana:** Sure sir. So you won't be required to make any significant changes in terms of the system.
- T. R. Rao:** Already the systems and processes are in place. We are already on the ERP platform of SAP. So we have streamlined our procurement and other processes. The systems which are in place, will be able to support us to execute between Rs.1,000 to Rs.1,500 crores of work done per quarter. So we don't foresee any bottlenecks in the process.
- Prem Khurana:** Sure. And sir would you please help me with toll collection number for Ghaziabad-Aligarh, I think you missed to give that number out?
- D. K. Maheshwari:** It was Rs.54 crores in the third quarter.
- Prem Khurana:** Okay and just last one from my end, on this airport vertical, so what made us to go for this opportunity? I understand it's a pretty good business to get into but then it all depends on the kind of revenue share that you agree with the AAI, right. As it is a hybrid till, you would have to give a number in terms of the number that you would be willing share with the government authority. I mean and given the fact that you again will be required to redo the terminal and then you will be required to incur Capex. So should we see it as if I mean you don't see any significant opportunities in road side next year which is what made you kind of look at airports now?

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- T. R. Rao:** It is not like that. See the four airports, which we bid are all operational airports. For example, at Ahmedabad nearly 10 million passenger traffic is already there. Lucknow, Jaipur, Guwahati and Trivandrum, they are all in the range of 5 million passengers per annum and Mangalore around 2.3 million passengers per annum. These are all brownfield airports and are making operational profits. See all these six airports are on a profitable operational platform. There will be a good traffic growth and last five-year traffic average growth of all these airports is around 15% to 18% which is also very promising. The exponential traffic growth being there and being a brown field airport, there won't be any major capex unlike initially in case of green field airports. So this is a kind of hybrid till format, we have to share portion of revenue with the government which is the bidding parameter. See it is a very strategic diversification and in case of any runway extension, parallel taxiway, apron and all where we have a tremendous synergy with respect to our road sector because the runway, apron, parking aprons, taxiway, both rigid and flexible what we are doing in the highway sector. So there is a synergy in that respect. It's not like that that we don't have opportunity in the highway sector but as a strategic diversification, we bid for these projects and the risk-reward ratio is very high in case of airports.
- Prem Khurana:** No, no, I agree with you but then the only problem that I face is when I look at the airport, the policies are yet not decided. So on revenue, this thing I mean the return on equity is yet to be decided. The court recently said it needs to be a scientific approach but then the number is yet to be decided which is where you will get to decide whether you will be able to make money or not but given the fact that there is ambiguity on return on equity part which is what kind of...
- T. R. Rao:** See historically in case of Delhi, Mumbai, and even Hyderabad, Bangalore airports even the recently Kochin, the return on equity that AERA is allowing is up to 16% on the equity return.
- Prem Khurana:** Used to be the number but then there was a recent court order wherein the court said the number needs to be decided on a scientific approach. It needs to be based on scientific approach and you can't decide the number arbitrarily because 16% there was no basis for the 16% which is why I understand I mean when you are bidding for these projects whether we have clarity on ROE part or it is I mean what would be decided by the Appellate Tribunal and which is what we would be required to follow. So I'll take it offline.
- T. R. Rao:** Yeah, yeah. We will discuss it in offline because, both technical and finance bids are not opened, we don't want to discuss on this platform.
- Prem Khurana:** Sure, sir. No problem. I'll take it offline. And just one last time is there any thought on the kind of...
- Moderator:** Mr. Khurana, sorry to interrupt you.
- Prem Khurana:** Sure, I'll come back in the queue.

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- Moderator:** Thank you. We have the next question from Mr. Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you. Sir my question is I need a few data points, what's the outstanding order book for Nanau-Dadon?
- D. K. Maheshwari:** It is Rs.95 crores.
- Shravan Shah:** Rs.95 crores.
- Shravan Shah:** Yeah, yeah. And sir in terms of the next year run rate of Rs.1,000 crore quarterly run rate, broadly if you can help me the bigger projects, how much contribution are you assuming in that Rs.1,000 crores quarterly run rate? So Rs.4,000 crores FY20 revenue from which projects, what's your calculation or what's your assumptions from each of the bigger projects in terms of the revenue?
- D. K. Maheshwari:** Major project will be Chitradurga HAM project, Package-I of Jhansi-Khajuraho, Package-II of Jhansi-Khajuraho, and Nagina-Kashipur...
- Shravan Shah:** Sir I need a broad revenue calculation that you would be considering in each of these projects for FY20.
- D. K. Maheshwari:** Okay then, we will discuss offline the project wise details of FY20.
- Shravan Shah:** Okay, no issues sir. In terms of this airport, just wanted a one clarification, broad range in terms of the equity investment from your side for each project, I understand that master plan everything is yet to be decided but a broad range, would it be per airport Rs.100 crores, Rs.50 crores and when it would be in FY20 from our side?
- T. R. Rao:** See it would be bit difficult as of now to say because these airports generate revenues also. From the first day of COD, we will keep collecting both aero and non-aero revenues, so that gives some kind of a revenue which will act as something like a equity support. So post opening of the bids, we will discuss these details further and let the bids be opened.
- Shravan Shah:** Okay and in terms of the inflow, you said that you have submitted in road two bids, so how many more or let's say how much more inflow apart from the whatever we have submitted, are we targeting in the remaining one and a half months of FY19 and from next year FY20 and from which HAM and EPC?
- T. R. Rao:** Now this financial year we have got only 45 days left. Bundelkhand Expressway, 5th March is bid due date and Gorakhpur Link Expressway is the 7th March and on 18th February some bids are due and between 18th-20th February some bids of Delhi-Mumbai green field expressway and other project are due. If we win few of these bids, we'll be expecting another around Rs.2,000 crores of new orders before end of this March, if the bids are finalized by respective authorities. We don't know whether the Code of Conduct would come in the way.

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- Shravan Shah:** True. I understand sir and for next sir how much we are targeting for order inflow and from EPC and HAM if you can break it up then it would be great?
- T. R. Rao:** We have to evaluate the opportunities because huge opportunities are there, then you have to prioritize the things. So we will be able to share you in the next couple of days offline.
- Shravan Shah:** Okay, okay. And in terms of the bid capacity, sir how much our bid capacity and how much is left for FY19?
- T. R. Rao:** We have enough bid capacity for FY19. In FY20 there's will not be any issue with the bid capacity. Because now as per government policy, they are giving multiple of 2.5 times and the Bundelkhand projects are of three years of completion time. So we have sufficient bid capacity to bid for the new projects
- Shravan Shah:** No, but from NHAI the recent EPC agreement if I calculate it I think we are almost exhausted for in terms of the bid capacity to take the new inflows. The calculation you are saying 2.5 everything, so whatever outstanding...
- T. R. Rao:** Even in case of NHAI, the work in hand is calculated only once the appointed dates are declared .So there is enough bidding capacity left. For any further clarification, we'll discuss offline.
- Moderator:** Thank you very much. Mr. Shah, sorry to interrupt. I would request you to come back in the queue for further questions. Thank you very much. Moving to the next question, we have Mr. Shreyans Mehta from Emkay Global. Please go ahead. Your line is unmuted.
- Shreyans Mehta:** Thank you for the opportunity. Sir wanted the tax rate guidance for this year and next year.
- D. K. Maheshwari:** Tax rate this year we are expecting 21% to 24%.
- Shreyans Mehta:** Okay.
- D. K. Maheshwari:** Next year it should be 26% to 29%.
- Shreyans Mehta:** 26% to 29%.
- D. K. Maheshwari:** Yeah.
- Shreyans Mehta:** Okay sir. That's it from my side. Thank you.
- Moderator:** Thank you very much. Moving to the next question, we have Mr. Jiten Rushi from Bank of Baroda Capital. Please go ahead. Your line is unmuted.
- JitenRushi:** Yeah, good afternoon sir. Sir my question was what is the order backlog of Sharda Feeder Canal and the two airport projects of Lucknow and Kanpur sir?
- D. K. Maheshwari:** Lucknow Bakshi Ka Talab project has already been completed and for Chakeri airport it is Rs.42 crores outstanding.

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- JitenRushi:** And for the Sharda Feeder Canal sir?
- D. K. Maheshwari:** It is Rs.73 crores outstanding.
- JitenRushi:** Rs.73 crores. And sir my further question to your Bhojpur-Buxar and Koilwar, the projects are moving very slow. So what is the reason because we had said almost Rs.35 crores of revenue each quarter Q3 and Q4 but we hardly see any movement in any of these projects, so are we going to see any – are we seeing any problem in these projects sir?
- D. K. Maheshwari:** Bihar projects?.
- JitenRushi:** Bihar projects of Bhojpur and Koilwar.
- Yogesh Kumar Jain:** Now projects are going well.
- D. K. Maheshwari:** And we are expecting the good revenue in this fourth quarter as well as in the first and second quarters of FY20.
- Jiten Rushi:** So what are the likely revenue we are expecting from these two projects in Q4 and going ahead sir?
- D. K. Maheshwari:** In Q4 we are expecting around Rs.50-60 crores from both the projects.
- JitenRushi:** Ok and in FY20?
- D. K. Maheshwari:** And FY20, they should be around Rs.150 to Rs.200 crores from each project.
- JitenRushi:** So sir by FY21 first half we are expected to complete the projects that is what you say.
- D. K. Maheshwari:** Yeah, yeah.
- JitenRushi:** Okay sir. Thanks a lot sir.
- Moderator:** Thank you very much. We have the next question from Mr. Parikshit from HDFC Securities. Please go ahead.
- Parikshit:** Sir any update on the claims of NH-24 and Narela?
- Yogesh Kumar Jain:** NH-24 and Narela, arbitrations?
- Parikshit:** Yeah, yeah. Any update on that?
- T. R. Rao:** In NH-24, NHAI challenged the award under Section 34 in the Delhi High Court. We opposed the challenge. Now the High Court has ordered that the award amount should be deposited by NHAI within six weeks and we can draw 50% of the awarded amount against a bank guarantee.
- Parikshit:** Okay.
- Parikshit:** Okay. And on Narela?

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- T. R. Rao:** Narela also we got the award. The DSIIDC challenged the award in the High Court. 19th February is the hearing date. There also we'll press for the payment of award and dismiss a; of the Section 34 objections.
- Parikshit:** Okay. This one the capital allocation side sir we have Rs.600 crores of pending equity to be investing in the HAM project and now we have diversified into airports. So what kind of capital allocation over next two years, we are looking in the airport business?
- T. R. Rao:** So airport business we can't say now because we don't want to discuss more on the airport business as the bids are not opened; but there won't be any significant capital requirement in the airports business. I mean should we get one of the projects, there will be revenue generation being a brown field airport, we'll keep getting the money from the day one. In case of highway projects, Mr. Maheshwari will tell.
- D.K. Maheshwari:** After considering the requirement of HAM project which is around Rs.600 crores, so we have a positive gap between cash generation and the equity requirement for HAM projects. So comfortably we can infuse the money in case it is required in the airports.
- Parikshit:** Sir I mean you would be worried about that how big this quantum could be. Could it be Rs.200-300-400 crores or Rs.100 crores. If less than Rs.100 crores then it is comfortable but if it's like Rs.200-300 crores, there'll be huge outlay on airport and then you'll be also evaluating some more airport projects when they come up for bidding, then it becomes more like a continuous business.
- D.K. Maheshwari:** In case of requirement of Rs.300 to 400 crores, we don't have any problem because the equity requirement for all the seven HAM projects is only Rs.600 crores as on 31st December and our own generation of three-four years is around Rs.1,500 crores and the requirement of the equity in the airport project will be spread in 5 years.
- Parikshit:** You now five years is fine sir but what happens is that you have to also get new HAM projects and for that also you'll require equity and now if you – and that gives you also an EPC, a big EPC value to execute and in airport monetization I don't know how much will be that EPC value and how much will be the equity which we'll have to put in. So if it'll be substantial, then I don't think how the investors will take it.
- Yogesh Kumar Jain:** We will discuss you after opening the bids.
- D.K. Maheshwari:** Even in addition to the own generation, we are also planning to monetize some of the operational projects as well as HAM projects. So I don't think there will be any liquidity problem for the company in the next two-three years.
- Parikshit:** Sir on the standalone balance sheet, we'll be comfortably at Rs.500 crores, should not get leveraged too much on the standalone side of the balance sheet, right but debt levels...

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- D.K. Maheshwari:** Right.
- Parikshit:** Okay.
- T. R. Rao:** We are cautious about that.
- Yogesh Kumar Jain:** We are very much cautious.
- Moderator:** Thank you very much Mr. Parikshit. We have the next question from Mr. Pankaj Kumar from Kotak Securities. Please go ahead.
- Pankaj Kumar:** Yeah, good afternoon sir. Most of the questions are answered, just related to this airport project. In the scenario we get two airport projects, do you see that will impact our next year bidding particularly the opportunity which will come in the HAM side?
- Yogesh Kumar Jain:** No, it will not affect.
- Pankaj Kumar:** So, I mean we will be more focusing on like EPC or HAM, any statistics we can have for next year?
- T. R. Rao:** Next year, our focus will be balanced. We'll evaluate the opportunities as they come. As of now you can say our focus should be around 5050 on both EPC and HAM.
- Pankaj Kumar:** Okay. And sir secondly on in terms of order book, of course, our order book is around Rs.14,000 crores. So what is the appetite that we have to what extent we can take it to by the end of next financial year?
- T. R. Rao:** See end of next financial year, to say by 31st March 2020, we'll have appetite up to Rs.20,000 crores.
- D. K. Maheshwari:** Rs.18,000 to Rs.20,000 crores.
- Pankaj Kumar:** Okay. Okay sir, thank you.
- Moderator:** Thank you very much Mr. Kumar. We have the next question from Mr. Ram Kumar from Spark Capital. Please go ahead.
- Ram Kumar:** Thanks for the opportunity sir. Sir my question is regarding airport bids. So who are the other bidders in the play sir?
- T. R. Rao:** We don't know who are the other bidders, but in the pre-bid meeting total 21 firms have participated.
- Ram Kumar:** Okay sir. Sir in terms of capability...
- Ram Kumar:** Sorry sir, I couldn't hear you. Pardon.
- T.R. Rao:** Okay, please ask.

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- Ram Kumar:** Sir in terms of capability to run the airport operations, do we have capability or will we be having a partnership with the third party?
- T. R. Rao:** See one of the conditions of these airport projects, we'll have to retain 60% of the existing staff of Airport's Authority. They will select and offer us 75% of the existing employees, out of them we have to keep 60% of them as our employees. So we have to give employment to them. They all are working employees there and involved in the day-to-day operations. Then we'll look for a specialized operator, if required, and accordingly we'll retain specialized operator and then we'll be able to handle the airports. We are confident of handling the airport operations and there'll not be any issue.
- Ram Kumar:** Sure sir. Finally, again on the airports, we were EPC player, then we got into BOT and again now we were trying to exit our BOT portfolio. Now again we are getting into airport O&M operations. So what is the strategy going forward?
- T. R. Rao:** Airports as I mentioned the risk-reward ratio is very high. Second thing we find some synergy in the airports particularly in the airport facilities and development and also we'll not be going into airport business in a big way. This is our entry strategy to go for airports and we'll be maintaining our balance and our focus will remain on the highway sector.
- Ram Kumar:** So as I understand you have big plans for, I mean if these bids are successful, we have big plans for the airport operations, right going forward.
- T. R. Rao:** You can say that but not big plans but will be very cautious plans.
- Ram Kumar:** Okay, okay. Sure sir. Thanks. That's it from my side.
- Moderator:** Thank you very much Mr. Kumar. We have the next question from Mr. Vaibhav Shah from IDFC Securities. Please go ahead. Your line is unmuted.
- Vaibhav Shah:** Yeah, thank you. Sir what is the toll collections for Ghaziabad-Aligarh in Q3?
- D. K. Maheshwari:** It was Rs.54 crores.
- Vaibhav Shah:** Okay, sir. Okay, thank you.
- Moderator:** Thank you very much Mr. Shah. I would like to repeat, participants, if you have any more questions please press "0" then "1" on your telephone keypad. I repeat it, "0" then "1" on your telephone keypad. Thank you. Moving to the next question, we have Mr. Mayank Goel from SBI Securities. Please go ahead. Your line is unmuted.
- Mayank Goel:** Hello, my questions have been answered. Thank you.
- Moderator:** Thank you very much Mr. Goel. We have the next question from Ms. Ankita Shah from Elara Capital. The line is unmuted.

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- Ankita Shah:** Yeah, thank you. Sir just one follow up question. Sir has there been any kind of slowdown on Dausa-Lalsot project? Because I remember we were supposed to complete the project in this year.
- Yogesh Kumar Jain:** Not this year but I think it will be completed by July-August. Whereas November 2019 is the scheduled completion date.
- Ankita Shah:** And we plan to complete it by June.
- T. R. Rao:** End of June.
- Ankita Shah:** Okay and sir any kind of slowdown there because the kind of pace of execution that we used to see earlier has not been up to that mark for the last two-three quarters?
- D. K. Maheshwari:** In third quarter comparatively it was lower but in Q4 it will be in the range of the Rs.60-Rs.65 crores.
- Ankita Shah:** Okay. Sir just wanted to understand the reason for the same.
- T. R. Rao:** Initially we executed the flexible portions, where the way of the execution was seamless. When it comes to execution of the rigid portion, it would not be as fast as the flexible portion. So there would be some temporary slowdown and we'll pick it up the progress in Q4. This is only because this project is typically has both flexible as well as rigid sections. Initially we concentrated on flexible pavement when the progress was more.
- Ankita Shah:** Okay sure. Thank you. That's it sir. That answers my question. Thanks a lot.
- Moderator:** Thank you very much. We have the next question from Mr. Shravan Shah from Dolat Capital. Please go ahead. Your line is unmuted.
- Shravan Shah:** Yeah, sir just trying to understand continuing the previous question in the Dausa-Lalsot and in the two EPC projects even the last con call whatever the guidance we say for the next quarter also particularly Bhojpur-Bauxar are Rs.35 crores each and we have done Rs.7 crores-Rs.14 crores and this Dausa-Lalsot we have done Rs.15 crores execution this quarter. Previous two quarters we have done closure to Rs.55-Rs.58 crores and now we are saying – sir just trying to understand where we are missing despite on the middle of the quarter when we gave guidance for the next quarter also when there is a big miss on that? Not able to understand where we are missing.
- T. R. Rao:** Yeah, we have a valid reason for that. It's nothing alarming.
- Shravan Shah:** Okay and second thing sir just trying to understand in the sense that in terms of the railway also we earlier used to say we will also try to venture into the railway and get the EPC projects. So our plans are now the focus has shifted to airport so?
- T. R. Rao:** It's not like that. Now if in case there is a right opportunity in railway sector, we look for it but as of now there are no viable opportunities in railway sector.

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- Shravan Shah:** Okay and sir what about the sale of the other two BOTs – Aligarh-Ghazibad you mentioned that it would be done by March. What about the other two assets that we were looking at?
- D. K. Maheshwari:** Ghazibad-Aligarh is in the final stage.
- Shravan Shah:** No, BOT projects because last time we talked about we are looking at sale of three BOT assets. So one is the Aligarh-Ghazibad that you have said it would be done by March. What about the rest two?
- T. R. Rao:** They are still under discussion.
- Shravan Shah:** So will it happen in six months or later on
- D. K. Maheshwari:** Presently we are talking about the monetization of the HAM projects because we are having 7 HAM projects and for two HAM projects we are trying sign the term sheet in due course.
- Shravan Shah:** Okay. So there also we are looking like a KNR kind of deal where 49% we would be having a new partner?
- D. K. Maheshwari:** Not like that.
- Shravan Shah:** Okay.
- D. K. Maheshwari:** These will be on different lines.
- Shravan Shah:** So here we are looking for the two HAM projects only.
- D. K. Maheshwari:** At this point of time, yes.
- Shravan Shah:** Okay and in terms of the equity Rs.600 crores FY20, how much to be invested and FY21 for HAM projects?
- D. K. Maheshwari:** Around Rs.270 crores is required in FY20 and remaining in FY21.
- Shravan Shah:** Okay. Okay, that's it from my side.
- Moderator:** Thank you very much Mr. Shah. We will take one last question for today's session from Mr. Meet Parikh from B&K Securities. Please go ahead. Your line is unmuted.
- Moderator:** Mr. Parikh, please go ahead. Mr. Meet Parikh from B&K Securities, please go ahead. All right. So we are moving to the last question for today, Mr. Surender from Angel Investor. Please go ahead. Your line is unmuted.
- Surender:** Hello.
- Moderator:** Yes Mr. Surender, we can hear you. I would like to hand it over back to the management for any final or closing comments. Over to you sir.

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Yogesh Kumar Jain:

Thank you everyone for your participation in our earning call. We have uploaded the presentation on our company website. In case of further query, you may get in touch with Strategic Growth Advisors, our investor relations advisors, or feel free to get in touch with us. Thank you very much for your participation.

Moderator:

Thank you very much sir. I would like to thank the management and investors who joined us today. Hope you all have spent a useful time. That does conclude the conference call. Wish you all a great weekend ahead! Thank you everyone for joining in.