

PNC Infratech Limited

Q3 FY20 Earnings Conference Call

February 06, 2020

ANALYST: MR. VIRAL SHAH- PRABHUDAS LILLADHER PRIVATE LIMITED

**MANAGEMENT: MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR,
PNC INFRATECH LIMITED**

**MR. T.R. RAO – DIRECTOR,
PNC INFRATECH LIMITED**

**MR D.K. MAHESHWARI – VICE PRESIDENT (FINANCE),
PNC INFRATECH LIMITED**

- OPERATOR:

- Good day ladies and gentlemen and a very warm welcome to the PNC Infratech Limited's Post Q3 FY20 Results Conference Call hosted by Prabhudas Lilladher Private Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" followed by '0' on your touchtone telephone. Please note that this conference is being recorded.

- I now hand the conference over to Mr. VIRAL SHAH from Prabhudas Lilladher. Thank you and over to you Viral.

- MR. VIRAL SHAH – PRABHUDAS LILLADHER PRIVATE LIMITED:

- Thank you. Good evening everyone. I welcome all the participants to the Q3 and 9 months FY 20 Results Conference Call of PNC Infratech Limited. We have with us Mr. Yogesh Kumar Jain – Managing Director and Mr. D. K. Maheshwari – Vice President Finance of the company. We would commence the call with the opening remarks from Mr. Yogesh Kumar Jain to give an overview of the company's performance. This will be followed by a Q&A.

- Now I would request Mr. Yogesh Kumar Jain to begin with his opening remarks. Over to you sir.

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- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, INFRA TECH LIMITED:**
- Thank you Viral. A very warm welcome to all of you to participate in our earnings conference call to discuss on our financial and operational performance for the quarter and nine months ended December 31st, 2019.
- Along with me, I have Mr. T.R. Rao, Director (Infra.), Mr. D. K. Maheshwari, Vice President (Finance) and Strategic Growth Advisors, our Investor Relations Advisors.
- **I will start with brief highlights on the industry including Union Budget and then will share Company's performance.**
- The Government continues to focus on Infrastructure Development in the country. On 31st December 2019, the Hon'ble Finance Minister has unveiled an ambitious National Infrastructure Pipeline of Rs. 103 lakh crores. Under the pipeline, over 6000 major infrastructure projects are proposed to be implemented across the sectors, by FY 2025 to help the nation to become 5 trillion-dollar economy.
- Development of Roads and Highways is one of key constituents of the National Infrastructure Pipeline with Rs. 16.64 lakh crore estimated value of projects identified in this sector for implementation by FY 2025. The Government has announced in the budget that they will be an accelerated development of highways over medium term which will include 2500 Km Access Controlled Highways, 9000 Km of Economic Corridors, 2,000 Km of Coastal and Land Port Roads and 2000 Km of Strategic Highways.
- To fund the development of Roads and Highways, the Government has allocated Rs. 1.47 lakh crores in the budget for FY 21 including Rs. 39,455 crores to MORTH and Rs. 1,07,500 crores to NHA I including Internal and Extra Budgetary Resources. The Government has also mandated NHA I to monetize 12 bundles of operational projects by FY 2024 on TOT basis, which has helped them in raising funds in two earlier occasions as well. The introduction of these funding options is expected to help creating additional liquidity to fund the development of 60,000 Kms of National Highways over the next 5 years.
- Other major steps proposed in the budget include to accelerate the funds availability for the sector include 100% tax exemption for Sovereign Wealth Funds investing in infrastructure sector and providing equity support amounting to Rs. 22,000 crores to Infrastructure Finance Companies such as IIFC Land a subsidiary of NIIF which will enable them to lend more than Rs. 1.0 lakh crores to the sector.
- During the current financial year, the project awarding activity by NHA I has been subdued, with only 3,200 Kms of projects awarded till November 2019 against a target of 10,000 Kms for the full year. The major reason for slowing the awarding activity is to
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ensure minimum 80 to 90% availability of vacantly possessed land before award of projects for implementation, which is expected to resolve the execution challenges and mitigate additional liabilities. However, as the position of land acquisition has improved across many proposed projects, the awarding activity is picking-up now and around 60 to 70 new projects are expected to be awarded by NAHI on both EPC and HAM formats before the end of current financial year.

- **Now moving onto the operations of the company.**
- Our robust execution capability is driven by four strong pillars of our strength that enable us to successfully deliver the projects within the budgeted cost and stipulated time frame. The pillars of competency include our financial strength, end-to-end execution capability, large fleet of modern plant & equipment and multi-disciplinary execution team with proven credentials.
- Our judiciously leveraged and healthy balance sheet and strong credit ratings enable us to execute projects seamlessly without any liquidity challenges and financial stringency. Our financial strength helps us in pitching for higher number of projects of larger size continually. Recently, our consortium of lenders has in-principally agreed to enhance both our fund based and non-fund-based limits substantially, which would further catalyze the business growth. Our credit ratings continue to be CARE (Double AA Minus) for Long Term Bank Facilities and CARE (Single A1 Plus) for Short Term Bank Facilities. These strong credit ratings facilitate us to raise funds at competitive rates.
- Another significant competency of our company has been having end-to-end construction capabilities in-house, right from the mining till commissioning of projects. These distinct in-house abilities give our company a great control over execution, quality, time and cost of our projects even in challenging situations and times.
- Over the years, we have been investing in modern plants & machinery and built a large equipment bank of our own, which augments our execution capabilities progressively. During the 9 months ended December 31, 2019, we have invested Rs. 71crores on the new machinery. Post this capex, our gross block as on 31.12.2019 stood at Rs. 1,087crores, which will be sufficient for execution of projects of value over Rs. 8,000 crores in a year.
- We have a strong project execution and support team with proven expertise. Over the past six years, we have doubled our employee strength to more than 7,500 employees with the net addition of 87 employees during the 9 months ended December 31, 2019.
- **Now moving on to our Project Development Business:**
- The project development business comprises 14 projects with a mix of BOT-Toll, BOT-Annuity, OMT and HAM projects, out of which seven projects are operational.

- In case of one of the operational projects namely Ghaziabad-Aligarh BOT-Toll project, we have entered into a Share Purchase Agreement (SPA) with Cube Highways for sale of our 35% stake, along with other partners in the project. We have already received approval from all the lenders and approval from NHAI is expected to be received by the end of current Financial Year.
- All the balance seven fund-based projects are HAM projects and 6 are already in the construction phase and the remaining project namely Challakere to Hariyur had already achieved financial closure and is awaiting appointed date from NHAI. We expect to receive the appointed date by end of this financial year.
- As on 31st December 2019, we have already invested Rs. 427 crores in the six under-construction HAM projects and will be investing Rs. 421crores over the next 2 years. The company's internal accruals should be sufficient for funding the future equity requirements of these seven HAM projects.
- **Now moving on to our order book**
- Our unexecuted order-book as on 31st December 2019 is Rs. 8,696 Crores. Out of which, the EPC and HAM projects constitutes 59% and 41% respectively. This order book does not include the following two projects:
 - EPC component of Challakere to Hariyur HAM project amounting to Rs. 935 crores
 - Lucknow Ring Road Package I, EPC project of Rs.1062 crores for which the Company has already received the Letter of Award and the Appointed date is expected to be declared shortly.
- The current order-book gives a distinct execution visibility for the next 2 years.
- **Now I would present the results for the quarter and nine months ended December 31, 2019.**
- **Standalone Quarterly Result:**
- Revenue of 3rd quarter of FY20 is Rs. 1,218 crore which is higher by 68% compared to 3rd quarter of FY19.
- EBITDA for 3rd quarter of FY20 grew by 68% to Rs. 171 crore from Rs. 102 crore in 3rd quarter of FY19.
- EBITDA Margin for Q3 FY20 has been 14.1%
- Profit of 3rd quarter of FY20 is Rs. 77 crore which is higher by 63% compared to 3rd quarter of FY19.
- **Moving on to 9 months results on Standalone basis (9M)**
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- Revenue of nine months of FY20 is Rs. 3,720 crore which is higher by 84% compared to nine months of FY19.
- EBITDA for nine months of FY20 is Rs. 608 crore which grew by 99% compared to nine months of FY19.
- EBITDA Margin for nine months of FY20 IS 16.3% which is higher by 120 basis points compared to nine months of FY19.
- PAT for nine months of FY20 is Rs. 384 crore which is higher by 108% compared to nine months of FY19.
- **I'll now take you through Consolidated Financials for quarter ended 31ST December 2019.**
- Consolidated revenue of 3RD quarter of FY20 is Rs. 1,390 crore which is higher by 61% compared to 3rd quarter of FY19.
- Consolidated EBITDA for 3RD quarter of FY20 is higher by 49% at Rs. 297 crore as compared to RS. 199 crore in 3rd quarter of FY19.
- Consolidated net profit for 3RD quarter of FY20 is Rs. 67 crore which is higher by 491% compared to 3RD quarter of FY19.
- **Moving on to 9 Months results on consolidated basis:**
- Consolidated revenue for nine months of FY20 is Rs. 4,256 crore which is higher by 70% compared to nine months of FY19.
- Consolidated EBITDA for nine months of FY20 is Rs. 1,032 crore which is higher by 50% as compared to NINE months of FY19.
- Consolidated net profit of FY20 is Rs. 459 crore which is higher by 152% as compared to RS. 182 crore for nine months of FY19
- **On the balance sheet side:**
- Our net worth on standalone basis is Rs.2,483 crores as on 31st December 2019. Total standalone debt is Rs. 345 crores which was availed for equipment finance. Otherwise working capital loanfor works is NIL. The total cash and bank balance isRs. 435 crore. We have a net cash surplus is of Rs. 90 crore.
- On consolidated basis our net-worth is Rs. 2,474 crores, whereas total debt is Rs. 3,301 crores as on 31st December 2019. The total cash & bank balance including current investments is Rs.968 crore, which translates to net debt to equity of 1.33 Times.
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- With this, we now open the floor for question & answer.
- **OPERATOR:**
- Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles.
- The first question from the line of Mayank Goyal from SBI Cap Securities. Please go ahead.
- **MR. MAYANK GOYAL – SBI CAP SECURITIES:**
- Good evening sir, thanks for the opportunity. I had a couple of questions. The first question on order inflows. We have been guiding that new orders of roughly Rs. 6,000-7000 crores will be taken by us. But till 9 months we have bagged just one big order of Rs. 1,000 crores. So what is that you aim now to get in this last quarter? And some colour if you can give on the bidding pipeline?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- We had already submitted 8 EPC bids and 6 HAM bids. These bids are submitted during October to January for around Rs. 15,000 crores of estimated value. We are expecting securing few projects, out of this submitted bids. We have also identified around 40 projects, which we are going to bid before end of this financial year. We expect the order book of around another Rs. 5,000 to 6,000 crores before end of this financial year. So that the total order inflow during the year would be Rs. 6,000 to 7,000 crores.
- **MR. MAYANK GOYAL – SBI CAP SECURITIES:**
- Okay so you still maintain on the order inflow guidelines?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Yes, we will still maintain. We are hopeful about that.
- **MR. MAYANK GOYAL – SBI CAP SECURITIES:**
- Okay. The next question is you know, in the budget dividend distribution tax was removed. So this definitely benefits companies like us with subsidiaries or SPVs. So what is our take on it and any taxability which will be now in the hands of parent on this dividend?
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- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Presently, we are not giving dividend to the parent company from the SPVs and subsidiaries.
- **MR. MAYANK GOYAL – SBI CAP SECURITIES:**
- Okay. But going forward you can definitely look at this route as well, right?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Yes
- **MR. MAYANK GOYAL – SBI CAP SECURITIES:**
- Okay. Sir, next question is this quarter there was sharp rise in both employees cost and interest cost. And not just year-on-year but quarter-on-quarter also. The employee cost rose by 46% while interest increased by 63%. So if you can help with the reasons for that?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- The employee expenses for Q3 of the FY has been higher as during this quarter the company undertaken appraisal as annual increments for all the employees and the arrears from January 2019 have been paid and accounted in this quarter. There is an average 10% increment. Because, we have given the arrears of 11 months from January 19 to November 19, the entire impact comes in this quarter on account of employee remuneration.
- **MR. MAYANK GOYAL – SBI CAP SECURITIES:**
- And what about sir interest cost?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- You will see that interest on CC is hardly Rs. 1 lakh in this quarter. Interest on term loan, which we have taken for purchasing the equipment is around Rs. 8 crores. But major increase in the interest being on the mobilization advance. Because in this quarter, we have taken the mobilization advance for HAM projects and Mumbai-Nagpur projects. The mobilization for Mumbai-Nagpur project is at an interest rate of 12%, which we have taken due to certain strategic reasons. However, the mobilization advance has been partly repaid as on date. So next quarter the impact will not come much, but in this quarter as we have taken Rs. 300 crores mobilization advance for Mumbai-Nagpur the impact was more. Similarly, we have taken advance for Purvanchal Expressway, where
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rate is 8.3%, and some of the HAM projects we have taken the advance. But the next quarter of this financial year interest cost will reduce as compared to 3rd quarter.

- **MR. MAYANK GOYAL – SBI CAP SECURITIES**

- Okay, got it, sir, lastly if you can help with the toll numbers for the quarter.

- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**

- Toll number for MP highway is Rs. 12.1 crores, Kanpur Ayodhya is Rs. 98 crores, Kanpur Highway is Rs. 17.8 crores, Bareilly-Almora is Rs. 9.8, Rae Bareilly Jaunpur which is annuity is Rs. 32.16 crores, and Narela is Rs. 10.5 crores.

- **MR. MAYANK GOYAL – SBI CAP SECURITIES**

- And, sir, what about, Ghaziabad Aligarh?

- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**

- It is Rs. 54.25 crores.

- **MR. MAYANK GOYAL – SBI CAP SECURITIES**

- Sir, we were expecting the NHAI approval by December 2019 for Ghaziabad-Aligarh, so what is the status and when can we expect the proceeds to come in.

- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**

- It is in the final stage at NHAI level and we are expecting to get the approval by the end of this financial year

- **MR. MAYANK GOYAL – SBI CAP SECURITIES**

- Okay, so but proceeds will come in the next FY.

- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**

- Yes

- **MR. MAYANK GOYAL – SBI CAP SECURITIES**

- Okay, sir, thank you, that's it from my side.

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- **Moderator**
- Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- **Mr. Shravan Shah, Dolat Capital**
- Yeah, thank you and congratulations for another great set of quarter.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Thank you.
- **Mr. Shravan Shah, Dolat Capital**
- Sir, just wanted to know in terms of the guidance, are we for FY20 and FY21 what is the now revenue guidance. Are we maintaining the 50-60%, so now it would 60% plus kind of for FY20, or is there any change for FY21, last time you guided 25 to 30% growth.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- In the financial year 19-20 we are expecting 60% growth and in FY21 it would be between 18-20% growth
- **Mr. Shravan Shah, Dolat Capital**
- 18 to 20% you are saying
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Yes.
- **Mr. Shravan Shah, Dolat Capital**
- Okay and inflow you maintain as Rs. 6,000-7,000 crores, then Rs.5,000-7,000 crores more inflow in this 2 months, so it would be both EPC and HAM, 50:50, and how do we see next yearFY21 in terms of the inflow.
- **MR T.R. RAO - DIRECTOR, PNC Infratech Limited**

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- In the current year, before March end, we see total inflow would be around Rs. 6,000-7,000 crores including Rs. 1,000 crores, we already got. We are expecting inflow of Rs. 7,000-8,000 crores in the next year, even it can go upto Rs. 9,000 crores.
- **Mr. Shravan Shah, Dolat Capital**
- Okay, and in this February and March it would be half-half HAM and EPC and what about the next year also. I am just trying to understand how much more comfort we have in terms of taking the HAM projects.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- We are expecting 50:50
- **Mr. Shravan Shah, Dolat Capital**
- Okay, even the next year also.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Yes, next year also.
- **Mr. Shravan Shah, Dolat Capital**
- Sir, in terms of the appointed date as you said, last time whatever date we expected, both the Lucknow Ring Road and Hariyur HAM project, why particularly Hariyur, though the 80% land is available, why the appointed date is now getting extended to March. Last year, we expected it by January.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Though 80% of land has already been acquired by NHAI, some stretches of proposed bypass and other locations, local villagers have been seeking higher compensation for their land, and agitating. NHAI wants to deliver the appointed date only after possession land free from all encroachments and encumbrances so that vacant land is available for uninterrupted working. After formation of new government, and intervention by Honourable Minister Shri Gadkariji, situation has improved and by March 2020 it is expected appointed date would be declared. We had already applied for the extension of time for declaring the appointed date by March 2020.
- **Mr. Shravan Shah, Dolat Capital**
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- Okay, and for Lucknow Ring Road it would also be March.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- No, Lucknow Ring Road it would within next few days.
- **Mr. Shravan Shah, Dolat Capital**
- Okay, Lucknow Ring Road would be within few days. Sir, I need some numbers in terms of the outstanding order book for the projects which are not in the presentation, the top 5-6 project that we have already mentioned in the presentation, I want the remaining ones, maybel can name the individual project or you can say Varanasi-Gorakhpur,Bhojpur-Buxar, Koilwar-Bhojpur and 3-4 HAM projects.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- That Bhojpur-Buxar is a Rs. 338 crores. Koilwar-Bhojpur is Rs. 288 crores.
- **Mr.Shravan Shah, Dolat Capital**
- Rs. 288 crores.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Yes, Varanasi-Gorakhpur is Rs. 230 crores, Lakhimpur-Kheriis Rs. 155 crores, Etah-Kasganjis Rs. 127 crores and Nanau-Dadonis Rs. 23 crores.
- **Mr. Shravan Shah, Dolat Capital**
- Chitradurga-Davangere ?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Rs. 543 crores,these are all value of the balance work to be executed.
- **Mr. Shravan Shah, Dolat Capital**
- Yes, I am asking that. Jhansi-Khajuraho package 1 and 2?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Jhansi-Khajuraho package 1 is Rs. 519 crores.
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- **Mr. Shravan Shah, Dolat Capital**
- Rs. 519 crores, okay.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- And package 2 is Rs. 456 crores.
- **Mr. Shravan Shah, Dolat Capital**
- Okay, and sir, just on the HAM, is the last time what we said is in terms of, as per the presentation the total equity required in 7 HAM was Rs. 832 crores and now it seems the number has increased to byRs. 15-16 crores. So that is on the Hariyur the last HAM project.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- It is total commitment of all the 7 projects is Rs. 848 crores, and out of that till December we have infused Rs. 427 crores, remaining is Rs. 421 crores.
- **Mr. Shravan Shah, Dolat Capital**
- Okay, in this quarter how much more we are expecting and FY21 how much.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- In this quarter we are expecting Rs. 46 crores, and in FY21 Rs. 250 crores. And the remaining in FY22.
- **Mr. Shravan Shah, Dolat Capital**
- Okay, okay, lastly, sir, on the tax rate last time we said we are expecting 30% tax rate for the full year, so 9 months the tax rate actually is on the lower side, 23.7%, so maybe on the 4th quarter we can have 52% kind of tax rate. Is my understanding, right?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- On an average in 19-20, it will be around 25-26%.
- **Mr. Shravan Shah, Dolat Capital**
- Okay, that's it from my side and all the best, sir.
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- **Moderator**
- Thank you, the next question is from the line of Parikshit Kandpal from HDFC Securities, please go ahead.
- **Mr. Parikshit Kandpal, HDFC Securities**
- Hello, sir, congratulations on a good set of numbers. Sir, this NH24 and Narela have you received the entire proceeds, have you realized the entire cash.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Yes.
- **Mr. Parikshit Kandpal, HDFC Securities**
- So total about Rs 300 crores would have come, both put together.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Yes, 145 from NH24 and the remaining from Narela.
- **Mr. Parikshit Kandpal, HDFC Securities**
- Okay, and, sir, was there any execution related issues, I mean did we lose any revenues because of the Maharashtra issue that project, did we lose any revenue this quarter, I mean did we go slow down on the project because of that we had any impact on revenues.
- **MR. T.R. RAO - DIRECTOR, PNC Infratech Limited**
- No, we don't foresee any problem in that project.
- **Mr. Parikshit Kandpal, HDFC Securities**
- The 3rd quarter, sir, the 3rd quarter specifically, I am not asking after that.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- We have executed Rs. 175 crore in 3rd quarter in case of Nagpur-Mumbai.
- **Mr. Parikshit Kandpal, HDFC Securities**
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- That was normal operation, sir, you didn't slow down the project because of the political thing.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Not at all.
- **Mr. Parikshit Kandpal, HDFC Securities**
- Okay, just on the monetization bits, now we have 7 projects under construction on HAM site, so what is the update on monetization, have we started talking, I mean we have already started talking to investors so what is the status of that, are we progressing and finalized some investors, are we talking in advanced stages.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- We are talking with 2-3 investors, but we cannot comment on the valuation or the timelines at this point of time.
- **Mr. Parikshit Kandpal, HDFC Securities**
- Okay, sure, sir, and just on the consolidated financials there has been the profits have been lower than the standalone, so which particular SPVs contributed to the loss, at the PAT level and PBT level.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Mainly that is because of accounting of IndAS and there is loss in Bareilly-Almora BOT Toll project.
- **Mr. Parikshit Kandpal, HDFC Securities**
- Okay, sir, that's all from my side. Thank you.
- **Moderator**
- Thank you very much. The next question is from the line Avinash Sinha from Spark Capital. Please go ahead.
- **Mr. Avinash Sinha, Spark Capital**
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- Hello, thank you taking my question, sir. Quickly first is on what is the pending claim with NHAI in terms of value and how much of it was awarded and how much of it was paid already.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- No pending claims.
- **Mr. Avinash Sinha, Spark Capital**
- No pending claims?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Arbitration is going on.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- See in case of NH 24 we have received Rs. 145 crores and other few other projects arbitration is underway. So the claims are there, we will share it separately.
- **Mr. Avinash Sinha, Spark Capital**
- Okay, and second question, sir, what is the reason of this re-invitation of NHAI based on that Meerut Yamuna....
- **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
- The Meerut project, NHAI has received 5 bids, out of 5 bids, 3 bids were rejected being non responsive. What we understand that one of the bidders is protesting the rejection of his bid and exploring the legal options. Maybe to avoid further delay, they would have cancelled the present bidding process and re-invited the bids. Actually we don't know the exact reason, because the reasons are best known to NHAI, but this what seems to be the apparent reason.
- **Mr. Avinash Sinha, Spark Capital**
- Understood, thank, that's all.
- **Moderator**
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- Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- **Mr. Mohit Kumar, IDFC Securities**
- Good afternoon. Sir, I have only one question regarding BOT, I believe the NHAI has floated a draft concession agreement, what are the change, key changes from the earlier agreement if you can highlight. Will you participate in the BOT Projects, I believe there are a couple of BOT projects which are under tender right now.
- **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
- BOT toll is not our priority area. Our preference should continue to be EPC as well as HAM, in the ratio of 50:50.
- **Mr. Mohit Kumar, IDFC Securities**
- Okay, sir, understood. How does the bidding pipeline look at this point of time for the NHAI and do, are there any other state projects which are in the pipeline for the next 4 to 5 months.
- **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
- There are no major projects at the state level.
- **Mr. Mohit Kumar, IDFC Securities**
- In BOT, or others?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Total. There is no major project at state level but NHAI pipeline is strong as NHAI floating the bids.
- **Mr. Mohit Kumar, IDFC Securities**
- Highway projects ?.
- **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
- Yes, 40 HAM projects and 50 EPC projects with an aggregate estimated at the cost of Rs. 90,000 crores are out for bidding by NHAI. We expect process of bidding will be
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- completed before end of this current financial year and majority of these projects will be awarded before the end of the current financial year.
- **Mr. Mohit Kumar, IDFC Securities**
 - And, this Rs. 15,000 bids which are submitted already or it is including the Rs. 15,000 crores.
 - **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
 - Yes, Rs. 15,000 crores bids, we have already submitted.
 - **Mr. Mohit Kumar, IDFC Securities**
 - Alright understood, sir, thank you.
 - **Moderator**
 - Thank you. The next question is the line of Vibhor Singhal from Phillip Capital. Please go ahead.
 - **Mr. Vibhor Singhal, Phillip Capital**
 - Good evening, sir, thanks for taking my question, congratulations again on a good set of numbers. So just a clarification on the numbers. The year to date order inflow for us has been Rs. 1,000 crores.
 - **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
 - Rs. 6,000 7000 crores in this year.
 - **Mr. Vibhor Singhal, Phillip Capital**
 - No, sir, till now we have received 1000 crores in this year, right.
 - **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
 - Yes, 1000 crores.
 - **Mr. Vibhor Singhal, Phillip Capital**
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- Right, sir, Rs. 1,053 is right. And sir, what is the gross and net debt at the end of this quarter.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Net debt we are expecting in December 19?
- **Mr. Vibhor Singhal, Phillip Capital**
- Yes, December 19.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Cash surplus of Rs. 90 crores rupees net of debt
- **Mr. Vibhor Singhal, Phillip Capital**
- Cash surplus, and the gross debt would be Rs.325 crores.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Rs. 345 crores term loans for equipment finance.
- **Mr. Vibhor Singhal, Phillip Capital**
- And, sir, just wanted to understand we have already received this arbitration for both NH24 and Narela, so that would be approximately Rs. 300 crores, so and we have also utilized the mobilization advance for the HAM projects and Mumbai-Nagpur as well as Purvanchal, so has the entire arbitration money also gone into working capital funding despite using the mobilization advance.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Mobilization advance which we have taken is coming in the working capital.
- **Mr. Vibhor Singhal, Phillip Capital**
- Yes, so sir, basically this Rs. 300 crores which has come from the arbitration where has that been used.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
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- Of this Rs. 300 crores, Rs. 145 crores has come to PNC and for Narela majority has gone into SPV, the one that has come to PNC is the one which we have given unsecured loan of Rs. 87crores to SPV.
- **Mr. Vibhor Singhal, Phillip Capital**
- Okay, so in tothe parent company only Rs. 87crores has come, the remaining has gone to the SPV - Narela
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Right, as unsecured loan, which parent company had given to Narela Project.
- **Mr. Vibhor Singhal, Phillip Capital**
- Fair enough. Also, sir, lastly if I just have to ask NHAI as you said in the next 2 to 3 months there is quite a lot of pipeline, but I think earlier also in one or two metro packages we had done bids, so we will continue on that, will we continue to explore the metro projects going forward, Delhi metro phase bids which are there in the offing, will we bid for that also, or are we only focusing on HAM.
- **MR. T.R. RAO - DIRECTOR, PNC Infratech Limited**
- We will bid for Metros also.
- **Mr. Vibhor Singhal, Phillip Capital**
- Okay, and only in Delhi or let’s say other cities also.
- **MR. T.R. RAO - DIRECTOR, PNC Infratech Limited**
- Mostly it will be Delhi but we will also see in the northern parts of the country if good projects are coming up, because metros are contemplated even in Kanpur, Agra, and elsewhere. So as these opportunities come-up, we will look into it.
- **Mr. Vibhor Singhal, Phillip Capital**
- Okay, the first project in Kanpur that was won by Afcons, did we participate in that or not as yet.
- **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
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- We didn't participate in that.
- **Mr. Vibhor Singhal, Phillip Capital**
- Thank you so much for taking the questions and wish you all the best.
- **Moderator**
- Thank you. The next question is from the line of Priyanka Biswas from Nomura, please go ahead.
- **Mr. Priyankar Biswas, Nomura**
- Good evening, sir, congratulations for great numbers. So my question is on the employee costs again. So you mentioned that there are some arrears that for the last 11 months that were paid, so can you quantify like what would be the amount for so that we can derive a more underlying employee expense.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- The average increment was around 10% and arrears came to around Rs. 24 crore rupees.
- **Mr. Priyankar Biswas, Nomura**
- Around Rs. 24 crore rupees that was the increment given.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Yes, because we have given the arrears from January 2019 to November 2019. **Mr. Priyankar Biswas, Nomura**
- Yes, and one more question again on the employees, so what I see is that your headcount would have probably reduced in this quarter, like in the first half your employee count was like from H1FY20 level it seems the employee headcount is down by almost 200. So any reason for that, given that we are ramping up so much on execution so what is the reason for this.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
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- Those were the lower grade employees recruited locally. Generally, on completion of a particular project, these local people leave, for example, Dausa-Lalsot got completed recently and two more projects we recompleted this year.
- **Mr. Priyankar Biswas, Nomura**
- Okay, and, sir, last question just what is the remaining value from Dausa-Lalsot now or is it fully completed.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- 99.25% is completed.
- **Mr. Priyankar Biswas, Nomura**
- Okay, 0.75% is left.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- Entire work will be completed before the end of March 2020
- **Mr. Priyankar Biswas, Nomura**
- Okay, sir, that's all from my side, thank you.
- **Moderator**
- Thank you, the next question is from the line of Drishan Chakravarty from DC&DC Advisors, please go ahead.
- **Mr. D. Chakravarty, DC&DC Advisors**
- Good evening, sir, first of all congratulations on good set of numbers. My question is with respect to something that you stated in your annual report which is the threat of competition. So a very general question with respect to that I would like to ask, is to what are we doing for that. Like one thing that was mentioned by you was that we would be seeking orders which would be higher in ticket size like Rs. 2,000 crores or Rs. 3,000 crores, so do you maintain that guidance or if you could find some other things which would help us stay ahead of our competitors like HG Infra and Ashoka Buildcon and all other parties.
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- **MR. T.R. RAO – DIRECTOR, PNC Infratech Limited**
- Yes, our preference would be higher value projects particularly in case of HAM because we have a good financial credentials, so we will be able to achieve the financial closure easily compared with our competitors. In that area we want to mitigate the competition and threat, otherwise we continue to focus on EPC and HAM in a 50-50 ratio and definitely our preference would be of the larger size projects.
- **Mr. D. Chakravarty, DC&DC Advisors**
- Okay, alright, my next question is with respect to the working capital days and the debtor days, so initially I guess last quarter you had guided that that was supposed to increase going forward, so this year also it is pretty low, so is it going to continue at the same rates say 56 days or around that 60-70 days mark or is it going to increase as we have seen earlier.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Working capital presently is 56 days and by March 2020 we are expecting it should be in the range of 60-62 days only.
- **Mr. D. Chakravarty, DC&DC Advisors**
- Okay, so we are not going to go to that 90 or 100 days level.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- No
- **Mr. D. Chakravarty, DC&DC Advisors**
- Marginally higher. Alright. My next question is with respect to the Capex guidance which had been issued last quarter. You had guided around Rs. 155-160 crores for FY20, and as of now you have invested only Rs. 71 crores. So do you maintain that guidance of an additional Rs. 90 crores being invested in FY20, or like are we going to have something different like a lower amount.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- In total in FY 20 it should be in the range of Rs. 100-125 crores only.
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- **Mr. D. Chakravarty, DC&DC Advisors**
- Rs. 100-125 crores, alright.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Around Rs. 40-50 crore in the 4th quarter.
- **Mr. D. Chakravarty, DC&DC Advisors**
- Rs. 40-50 crores for Q4. Alright, last question from my side with respect to the cash part of the profit, I see a significant decline in quarter 3 specifically with respect to cash profit percentage. Can you just tell me why that has come about and what is the reason that it was higher earlier in the past two quarters?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Last quarter there was an award of Rs. 145 crore from NH 24 project.
- **Mr. D. Chakravarty, DC&DC Advisors**
- Okay, alright, fine. That is all from my side, thanks a lot.
- **Moderator**
- Thank you, the next question is from the line of Jiten Rushi from Bank of Baroda Capital Markets Ltd. Please go ahead.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- Good evening, sir, congratulations on good set of numbers. Sir, a few questions on Aligarh-Moradabad bonus, when are we expected to receive, sir.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
- We expect to receive it in next financial year.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- Okay, Rs. 14 crores, sir?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC Infratech Limited**
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- Yes.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- So that would be purely any gains, we will pay tax on it, right sir?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Yes, normal tax.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- And, sir, on the capex guidance obviously you have given for FY20, can you throw some light on capex for FY21, closing debt that you are targeting this year March 20.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Capex in next year will depend on the order inflow, in case the given guidance Rs. 5000 crores this year and Rs. 6,000 in the next year, certainly capex should increase to Rs. 100-150 crore.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- And, sir, targeted debt this year would be same, higher or in this range only Rs. 350 crores?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Gross tax would be Rs. 390 crore, at the end of this quarter.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- And, sir, can you throw some light on the bank limits, because you said in the opening remarks that you have got the announcement in the non fund limit, can you just elaborate on that.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- We have enhanced the limits; fund based from Rs. 750 crores to Rs. 1,000 crores and non fund based from Rs. 3350 crores to Rs. 5000 crores.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
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- Okay, so utilization would be how much, sir?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Fund base will be insignificant and non-fund base utilization is expected to be Rs. 2,700 crores as on 31 March 2020
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- Fund based is nil and non-fund base is 2700 crores, right, sir?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC Infratech Limited**
- Right.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- And this interest cost as you said should come down from Q-4 onwards right, because as you have started executing, you are adjusting against the mobilizing advance, the monthly billings are adjusted against the mobilization the interest cost should come down gradually if at all I can understand that.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE – PNC INFRATECH LIMITED:**
- Yes, financial cost should come down as compared to Quarter 3.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- Can you just throw some light on the execution or you are expecting from key projects in Q4 in terms of peak execution like Mumbai, Nagpur or the HAM projects, that will give us the idea on how good executions we are expecting this quarter.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE – PNC INFRATECH LIMITED:**
- Yes, from Aligarh-Kanpur and Chakeri-Allahabad, we are expecting around Rs. 150 crores each and from Purvanchal Rs. 180 crores in two projects. Mumbai-Nagpur we are expecting around Rs. 250 crores and package 1 and package 2 Jhansi-Khajuraho Rs 100 crores each. Chitradurga also around Rs 120crores.
- **Mr. Jiten Rushi, Bank of Baroda Capital Markets Ltd.**
- Okay sir that's it from my side. Thank you and all the best.
- **OPERATOR:**
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- Thank you, the next question is from the line of Parikshit Kandpal from HDFC Securities, please go ahead.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Non-roads pipeline how big is the non-roads pipeline for you, I mean other segments metro and maybe water or railways, how big as of now that segment is looking in terms of bidding? Any bids there? As of now have you bid for any metro projects or any railway projects or any water related projects, have you bid for any of these projects, how is the bid pipeline?
- **MR. T.R. RAO – DIRECTOR– PNC INFRATECH LIMITED:**
- No, we have not bid for anything and no bid is pending. We have bid for one elevated highway project akin to metro kind of project for NOIDA and going forward if we get good opportunities in metro as well as in airports, we will definitely pursue those opportunities.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Anything on the water side, irrigation or water supply you're looking anything there?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR – PNC INFRATECH LIMITED:**
- Not bid anything.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Are you qualified for bidding for that segment.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR – PNC INFRATECH LIMITED:**
- We can qualify in HAM. HAM projects for water supply etc., not as an EPC contractor.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Okay. From the cash inflow from the claims which you have mentioned, Sir you said that out of Rs. 188crores of Narela, Rs. 87crores only has come to PNC standalone, right?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE – PNC INFRATECH LIMITED:**
- Yes, actually we have received in PNC, only that amount which we had given as unsecured-loan and interest on the unsecured loan.
- **PARIKSHIT KANDPAL, HDFC Securities:**
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- What happens to the balance amount is all lying in the SPV's books.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE – PNC INFRATECH LIMITED:**
- Yes
- **PARIKSHIT KANDPAL, HDFC Securities:**
- How will you up it, I mean how will you up it to the PNC level to use in the business? Because I think out of Rs. 300 crores only Rs. 87crores has come, so balance amount almost Rs. 220 crores odd so how will you bring it to the standalone levels so that you can utilise it?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE – PNC INFRATECH LIMITED:**
- In case of NH24, the entire amount of Rs. 145 crores received in PNC books, which includes award Rs.109 crores and Rs. 35 crores interest. As regards Narela, PNC has received Rs.87 crore as unsecured loan and Rs. 27 crores as interest on unsecured loan. From the remaining amount, Narela is servicing the debt, both principal as well as interest on the loan taken by the SPV and meeting the operational requirements.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- You would have received Rs. 145 crores from NH24 and Rs. **114 crores from Narela. So, Rs. 259** crores has already come to PNC and the balance amount of roughly Rs. 75 crores it is lying with Narela for debt servicing.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE – PNC INFRATECH LIMITED**
- Yes, and for other operational expenses.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- But now Narela you are getting regular annuities on time, payments for the annuities, you are getting on time for Narela?
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- Yes we are getting. Only one annuity is pending, we are pursuing with them for payment.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- 27

- Financial year to date from 1st April, Sir what would be total amount of NHAI ordering which would have happened? Already projects awarded or already bids opened what would be the quantum if you have that number?
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- Nearly Rs. 8000 crores worth of HAM projects, we already bid during the month of January.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- I am not saying that, and asking how much would have been awarded by NHAI in the last nine months, total you said I think 3000 kms you said have been awarded, right?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
- Around 3000 kms is awarded.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- And what will be the value of that?
- **MR. T.R. .RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- In terms of value, maybe around Rs. 25,000 to Rs. 30,000 crores. Approximately we consider Rs. 10 crores per km in case of four laning; so it would be around Rs. 30,000 crores.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Because large part of that has gone to unlisted developers and listed developers have hardly got hardly anything from that bidding, so I was just coming from that point that how is the competitive intensity in that because none of the listed players have been able to win the barring couple of bids.
- **MR. T.R. RAO – DIRECTOR,PNC INFRATECH LIMITED:**
- That is there and that is the reality.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
- In EPC competition is there but HAM still we can get.
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
-
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- HAM the competition is limited but EPC the competition is very high.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
- Very high in case of below 500 crore projects
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Just last point Sir, in a HAM bidding particularly say if NHA cost is Rs 100 and if a bidder bid say at 130-140-150, so at what premium to the NHA cost would NHA be comfortable in going ahead with that bid, is there anything like NHA this thing that about 30% premium case fine or 40% is fine or 50% is fine bid cost versus NHA cost? Is there any rule?
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- No, there is no rule, depends and it varies from project to project, we have to see if NHA puts Rs. 1,000 crores, we need to see that when the estimate was prepared, if the DPR was prepared few years earlier, then the premium would be higher, if the DPR is relatively recent, then the premium would be lesser, so there is no hard and fast rule.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- But if NHA is proceeding with that and they will obviously look at if the bid is very high how will you convince them that this is the right price?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
-
- NHA recalculates all the bids.
- **PARIKSHIT KANDPAL, HDFC Securities:**
- Okay sir, thank you and that's all from my side and all the best.
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
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- Maybe sometimes before opening they keep it ready.
- **OPERATOR:**
- The next question is from the line of Ashish Shah from Centrum Broking, please go ahead.
- **ASHISH SHAH – CENTRUM BROKING:**
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- Good evening Sir. On the interest cost, you gave the interest on the term loans, can you give the total breakup of the interest cost?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Yes. Interest on term loan in this quarter was Rs. 7.9 crores, and BG commission was Rs. 4.5 crores. Remaining was the interest on mobilization advance and impact of IND-AS accounting.
- **ASHISH SHAH – CENTRUM BROKING:**
- So any number you can give for the mobilization advance, how much was the interest on mobilization advance?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- It was Rs. 23 crore.
- **ASHISH SHAH – CENTRUM BROKING:**
- How much we would have added because of Mumbai-Nagpur or because of the other mobilization advances on the HAM as well, so incremental I'm saying, YoY this Rs. 23 crores number would have been how much, in the second quarter it could have been how much?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- As compared to second quarter.
- **ASHISH SHAH – CENTRUM BROKING:**
- Yes, as compared to second quarter, how much.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Actual outstanding of this quarter end, Nagpur-Mumbai was Rs. 300 crore and Purvanchal was Rs. 150 crores and total outstanding was Rs. 850 crores towards advances taken from authorities.
- **ASHISH SHAH – CENTRUM BROKING:**
- Can you give me the few key balance sheet numbers like debtors, mobilization advances, you gave already, but unbilled revenues and other relevant numbers?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Unbilled revenue means? WIP?
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- **ASHISH SHAH – CENTRUM BROKING:**
- Yes WIP.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Since all projects are running projects, so there is not significant.
- **ASHISH SHAH – CENTRUM BROKING:**
- Right. So, I just wanted the absolute numbers, if you have otherwise I can take it later, if you have the numbers.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Debtors days is 64 days.
- **ASHISH SHAH – CENTRUM BROKING:**
- Right. Okay and you are saying the unbuild revenues is not much?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Yeah. Inventory is Rs. 236 crores which is 22 days.
- **ASHISH SHAH – CENTRUM BROKING:**
- And payables?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Payables are Rs. 552 crores.
- **ASHISH SHAH – CENTRUM BROKING:**
- Sir, also on the employee cost you did mention the amount which was the arrears, so on a recurring basis what is the employee cost that one should be looking at, let's say for Q4 on a stable basis what is the employee cost that one should factor?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- You can take around Rs. 19 to 20 crores per month.
- **ASHISH SHAH – CENTRUM BROKING:**
- Okay, alright, sir, thank you very much.
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- **OPERATOR:**
- Thank you. The next question in line up from Alok Deora from Yes Securities.
- **ALOK DEORA:**
- Hello, good evening sir and congratulations on good numbers. Just one question, I had that the project which we were recently awarded and got cancelled, so that's something we don't see normally so any particular thing which was there in this case or how was it?
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- I had already mentioned, it's because out of 5 bids received 3 bids were rejected being non responsive, one of the rejected bidders, it is understood that he went for some litigation or so to avoid all these things NHA cancelled the bidding process and re-invited the bids, that's what we understand from the informal sources.
- **ALOK DEORA:**
- Because this is not something which is seen normally happening in NHA Projects so that's the reason I was asking.
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- Yes, because of the higher number of rejections, out of 5 bids 3 bids rejected that is also not normal.
- **ALOK DEORA:**
- And just one more question, in the tenders which you have already bid, what is the proportion of EPC and HAM if you can just indicate?
- **MR. T. R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- Out of Rs. 15,000 crores, EPC is around Rs. 7,000 crores, HAM is around Rs. 8,000 crores.
- **ALOK DEORA:**
- And a full year inflow target is around Rs. 5000 crores?
- **MR. T. R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- Yes, full year is 5000 to 6000 crores.
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- **ALOK DEORA:**
- This is including the Rs. 1,000 which we have already received till date.
- **MR. T. R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- As if now excluding Rs. 1,000 crores we are expecting another Rs. 5000 to 6000 crores making it a total of Rs. 6000 to 7000 crores, just we are crossing our fingers.
- **ALOK DEORA:**
- Right and at this point we have not bid for any non-road projects.
- **MR. T. R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- No, as if now no non road projects except one elevated highway for Noida of around Rs. 500 crores estimated cost.
- **ALOK DEORA:**
- Alright that’s all from my side, thank you so much sir.
- **OPERATOR:**
- Thank you. The next question is from the line up Parvez Akhar from Edelweiss please go ahead.
- **PARVEZ AKHTAR - EDELWEISS:**
- Hi good afternoon gentlemen congratulations for a great set of numbers once again. Two questions from my side what will be our tax rate in FY21 and 22, I mean considering the kind of MAT credit that we have?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRA TECH LIMITED:**
- FY20 should be 25-26%. In FY21, it should be 31% and in FY22 we will see whether we will adopt the new scheme because presently we are having MAT credit around Rs. 130 crores as on December 19.
- **PARVEZ AKHTAR - EDELWEISS:**
- Sure. And sir I missed the CAPEX numbers, what is it that we have done in nine months and what is our full year target?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRA TECH LIMITED:**
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- In nine months, we have added Rs. 71 crores and we are expecting Rs. 100-125crores in this FY20, so remaining Rs. 45-50 crores in this 4th quarter.
- **PARVEZ AKHTAR - EDELWEISS:**
- Sure, thanks and all the best for future.
- **OPERATOR:**
- Thank you, the next question is from the line up Vibhor Singhal Philip Capital, please go ahead.
- **VIBHOR SINGHAL – PHILIP CAPITAL:**
- Yeah, thank you sir for taking my question again sir. Just a quick clarification, sir both the projects in Bihar, Koliwar-Bhojpur and Bhojpur-Buxar seem to be operating quite slow. In the last two quarters we have done only Rs. 100 crores approximately on these two projects, so when do you expect these projects to recover execution smoothly? And also Dausa-Lalsot how much work is left and when can we expect the COD for that project?
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- In case of Dausa-Lalsot only 0.75% value of work is left so we are expecting PCOD before the end of this month.
- **VIBHOR SINGHAL – PHILIP CAPITAL:**
- Okay. And Bihar projects?
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- In case of Bihar projects, due to very heavy and continuous rains, the entire project area got flooded and it remained flooded till end of October even in the first week of November. So, the work could be resumed only in the month of December that is why the progress was less in the third quarter. Now progress is picking up, so we expect some substantial amount during the fourth quarter.
- **VIBHOR SINGHAL – PHILIP CAPITAL:**
- So, sir in January the execution is in full swing?
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- Yes in January the execution was not bad, it has already improved from January onwards, so this quarter we will have some sizable numbers.
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- **VIBHOR SINGHAL – PHILIP CAPITAL:**
- Sure sir, thank you so much for taking my questions, wish you all the best.
- **OPERATOR:**
- Thank you the next question from the line up Jiten Rushi from Bank of Baroda Capital Markets Ltd, please go ahead.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- Thank you for taking up my question. Sir, my question is for the Bareilly-Almora, so, what is the funding we have done so far in this project this year, loss funding?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRA TECH LIMITED:**
- Total funding, we have infused around Rs. 89 crores.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- Rs. 89 crores this year?
- **MANAGEMENT – PNC INFRA TECH LIMITED:**
- No total, till date, till December.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- How much additional we are expected to do this year and next year?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRA TECH LIMITED:**
- This year it should be around Rs. 5 to 6 crores more.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- And next year any additional funding required?
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- The authority has given permission to operate an additional toll plaza at the other end of the road and we expect to commission the additional toll plaza at the Uttarakhand Border during this month. Upon commissioning, the leakages and diversions in the region will be controlled and there will be incremental toll revenue. So definitely the funding would be reduced in next year, as compared to current year.
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- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- So, this additional toll plaza will get commissioned by the end of this year at the Uttarakhand.
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- Yes this month only.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- Then we can expect some improvement in traffic.
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- Yes, exactly, improvement in revenues.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- So, what kind of run rate we can expect post the commissioning of the toll plaza?
- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**
- See we have to see,if we say something it will be speculative. Because other end when we start some people may get diverted to avoid the toll also, so until unless we commission, we would not be able to know what will be the incremental toll revenue from the second toll plaza.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- But after the commissioning, I think leakage issue should reduce.
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
- It should be and will be approximatelyRs. 60 to 70 lakhs of per month.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- Sorry how much sir? Can you please repeat?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
- Rs. 60 to 70 lakh per month.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
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- Rs. 70 to 80 lakhs of additional per month. It is additional right?
- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**
- Yes this is additional we are expecting.
- **JITEN RUSHI – BANK OF BARODA CAPITAL MARKETS LTD:**
- Okay sir, thank you and all the best.
- **OPERATOR:**
- Thank you the next question is from the line up Siddharth Rajpurohit from JHP Securities, please go ahead.
- **SIDDHARTH RAJPUROHIT – JHP SECURITIES:**
- Good evening sir. Can you guide on the EBITDA margin for this quarter and next year?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- EBITDA margin in the quarter should be in the range of 13.5-13.8%.
- **SIDDHARTH RAJPUROHIT – JHP SECURITIES:**
- And next year?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Should be in the range of 13.75-14%.
- **SIDDHARTH RAJPUROHIT – JHP SECURITIES:**
- Next year.
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Yes.
- **SIDDHARTH RAJPUROHIT – JHP SECURITIES:**
- On receivables from NHAI how is the situation now, has it improved drastically, or it remains the same?
- **MR. T.R.RAO – DIRECTOR, PNC INFRATECH LIMITED:**
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- In NHAI, we are not facing any significant problem in the receivables; we are regularly receiving both EPC as well as milestone payments in case of HAM projects from NHAI. So, there is no major hurdle in receiving the due payments from NHAI.
- **SIDDHARTH RAJPUROHIT – JHP SECURITIES:**
- Thank you very much and all the best.
- **OPERATOR:**
- Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- **RACHIT KAMATH – ANAND RATHI:**
- Hello, this is Rakshit Kamath from Anand Rathi. So, basically my question was on mobilisation advances. You have mentioned that we have received Rs. 850 crores, like that's our outstanding mobilisation advances. I just wanted to understand how much was there from the HAM projects?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Around Rs. 400 crores outstanding.
- **RACHIT KAMATH – ANAND RATHI:**
- What is the quarter on quarter, how much have we increased let's say project-wise?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- Pardon?
- **RACHIT KAMATH – ANAND RATHI:**
- How much have we increased in our mobilisation advances project-wise? So, we had taken Rs. 300 crores in Mumbai-Nagpur, so what was this number last quarter?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRATECH LIMITED:**
- That we will let you know one to one. Presently we don't have.
- **RACHIT KAMATH – ANAND RATHI:**
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- Sure sir. Actually, one more question. How much more mobilisation advances can we take from these projects? Like we can avail?
- **MR. D. K. MAHESHWARI – VICE PRESIDENT FINANCE, PNC INFRA TECH LIMITED:**
- We have taken the maximum 15% from Nagpur-Mumbai, and in Poorvanchal, we can take 15% but we have taken only 5%.
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- And in case of Challakere, once the LOI is declared we can take 10% of bid project cost.
- **RACHIT KAMATH – ANAND RATHI:**
- Okay, sure. Thanks.
- **OPERATOR:**
- Thank you. The next question is from the line of Drishthan Chaturvedi from DC&DC Advisors. Please go ahead.
- **DRISTHAN CHATURVEDI – DC&DC ADVISORS:**
- Thank you for taking my questions again. Very generic question with respect to what your viewpoint for the next say 3 to 5 years going forward is? Firstly, on the idea of as you mentioned again competition in road EPC projects. So, my question first of all would be whether or not we are looking forward to expanding into other areas such as rail could be one aspect of it because I believe we do have the competency to bid for those projects also received awards. And secondly, a simple question as to what are we doing currently which our competitors might not be doing? Like what would help us like get to the next level of say profitability and increasing our turnover say to around Rs. 10,000 crores going forward.
- **MR. T.R. RAO – DIRECTOR, PNC INFRA TECH LIMITED:**
- With the unveiling of national infrastructure pipeline by the government of Rs. 103 lakh crores, they have already identified around 6,000 projects across sectors. We are examining these opportunities because these projects are expected to be implemented during the next 5 years to help the USD 5 trillion economy. They have identified around Rs. 13.7 lakh crores of new railway projects. Our focus would be on metro rail as well as the freight corridors, the southern freight corridor where we find lot of synergy. Another area would be the airports where the government has put 1.43 lakhs of new projects of 100 new airports. There also we will try to explore the opportunities. So, the railway
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sector, the metro and freight corridor sector will be our focus areas. And also, we will examine other areas where we find synergy, where we can replicate our expertise and use our credentials, to look for the other sectors to foray into.

- **DRISTHAN CHATURVEDI – DC&DC ADVISORS:**

- Alright. So, the question with respect to the metro rail, like last quarter in the conference call you had told us that the bid that you had submitted for DMRC phase 4 was in collaboration with some other party. So, a question with respect to that would be why did we have to collaborate with some other party? Is it because of, say, a need for technical expertise of that other party and similarly will we require collaboration with other parties while going into the rail sector or do you think that PNC Infratech alone is capable and will be able to take projects on itself?

- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**

- Will be required for qualification purpose only.

- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**

- Technical requirement would be there but in case of freight corridor project on a stand-alone basis we are meeting the qualifications. Like DFCC itself, dedicated freight corridors and other freight corridor projects we are waiting but in case of metro we require a JV for meeting the technical qualification criteria. But in case of HAM, we may not need any technical tie-up including HAM modelled projects in other sectors also.

- **DRISTHAN CHATURVEDI – DC&DC ADVISORS:**

- Alright. So, the collaboration is purely for technical perspectives.

- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**

- Yes.

- **DRISTHAN CHATURVEDI – DC&DC ADVISORS:**

- Alright. My next question is with respect to what recently happened with the project bid getting cancelled. So, one thing I wanted to know, how will the bidding process now play out considering that the lowest bid amount that PNC Infratech had bid for is now out in the open. How will you approach the new bidding process for the same project now that others are aware as to the amount at which we had bid for initially?

- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**

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- In smaller size projects particularly in the EPC segment, the competition will continue to be higher because of the new entrants. Nevertheless, we don't want to underquote our pricing. We will keep maintaining 13-14% EBITDA in those projects. In case of HAM, because we can get timely financial closure and require some kind of a financial credentials, we don't expect much competition and there will be comparatively lesser competition in HAM projects, so that HAM project will be our focus area with a 50-50 kind of a combination. We will bid for the larger size projects, where the competition will be lesser.

- **DRISTHAN CHATURVEDI – DC&DC ADVISORS:**

- Last question, do you see the proportion of HAM projects say increasing in say next 2-3 years? Like for example, going from a 50-50 currently to say about something like a 60-40 in the next 2-3 years because as you have stated competition over there and PNC Infratech's greater ability to reach financial closure will help us in that aspect.

- **MR. T.R. RAO – DIRECTOR, PNC INFRATECH LIMITED:**

As of now, if you see there are around 40 EPC projects and 50 HAM projects are open for bidding as launched by NHAI. So, we will see how the opportunities are coming up for apportioning between HAM and EPC.

- **DRISTHAN CHATURVEDI – DC&DC ADVISORS:**

- Sure, thank you sir, that's it from my side.

- **OPERATOR:**

- Thank you. That was the last question in queue. I now hand the conference over to Mr. VIRAL SHAH for closing comments.

- **MR. VIRAL SHAH – PRABHUDAS LILLADHER PRIVATE LIMITED:**

- Thank you everyone for participating in the call. I specially thank the management for giving us an opportunity to host the call. Now I would like Mr. Yogesh sir, for closing comments. Over to you sir.

- **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC INFRATECH LIMITED:**

- Thank you everyone for your participation in our earnings call. We have uploaded the presentation of our company's website. In case of further queries, you may get in touch

with the strategic growth advisors, our investor relations adviser, and feel free to get in touch with us. Thank you very much for the participation.

- **OPERATOR:**
Thank you.