



“PNC Infratech Limited Q4 FY2022 Conference Call”

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ANALYST: MR. JITEN RUSHI – AXIS CAPITAL LIMITED

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

MR. T R RAO – DIRECTOR – PNC INFRATECH LIMITED

**MR. B. SAWHNEY – CHIEF FINANCIAL OFFICER –
PNC INFRATECH LIMITED**

**MR. D K MAHESHWARI - VICE PRESIDENT FINANCE -
PNC INFRATECH LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the PNC Infratech Limited Q4 FY2022 Results Conference Call hosted by Axis Capital 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 “*” then “0” on your touchtone telephone. Please note this conference is being recorded. I now hand the conference over to Mr. Jiten Rushi from Axis Capital Limited. Thank you and over to you Sir!

Jiten Rushi: Thank you Faizan. Good on behalf of Axis Capital I welcome everyone to PNC Infratech Limited Q4 FY2022 earnings conference call. From the management side we have with us Mr. Yogesh Kumar Jain - Managing Director, Mr. B Sawhney – Chief Financial Officer and Mr. D.K. Maheshwari Vice President Finance. We also have investor relations team of SGA on the call. To begin with, we will have opening remarks from the management followed by Q&A session. Thank you and over to you Sir!

Yogesh Kumar Jain: Good afternoon everyone and a very warm welcome to all of you present on the call to discuss our financial results of 4th Quarter of FY22 and FY’22.

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

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

Pace of project awarding activity in the country significantly picked-up during March 2022.

During March 22, MoRTH, NHAI and NHIDCL combinedly awarded a little over 5100 kilometers of new highway projects, located across the country.

Total length of highway and expressway projects awarded during FY 22 stood at over 12,700 kilometers, which is approximately 22% increase over FY 21.

Though awarding activity in NHAI remained subdued till February 2022, picked-up the pace in March 2022.

NHAI awarded 6300 kilometer aggregate length of new highway & expressway projects in FY22, as against 4818 kilometer projects awarded in FY 21.

While there has been a surge in the awarding activity, development and construction activities were affected due to relentless challenges faced in execution by development and construction companies.

In the beginning of FY 22, both supply chains and execution disrupted by more severe second wave of Covid-19. The year also witnessed active and prolonged monsoons across the country.

The challenges faced by the industry during the year included shortage of labor, sharp increase in prices of raw materials including steel, cement, petroleum and other products.

The above challenges not only slowed down the progress of construction but also impacted the margins of companies, without any exception.

As a result, pace of highway construction fell to 10,457 kilometers in FY22 as against 13,327 kilometer constructed in FY21.

In case of toll projects, collections thru' FASTag grew sharply by about 67% on year-on-year basis to reach over Rs 38,000 crore in FY22.

On national highways, FASTag penetration is now at 96.5% with 964 toll plazas live on FASTag, which is very encouraging scenario.

Now coming to the key updates and highlights of the company

Our company received robust order inflow during the fourth quarter of FY 22.

Company was declared as L1 bidder in 7 HAM projects in March 2022 and LOAs for all the 7 projects received by Company with an aggregate bid project cost of Rs. 8446 crores.

In addition to the Q4 order inflow, company also received an user fee collection mandate of Eastern Peripheral Expressway for one year from NHAI, for a contract value of Rs. 369.0 crore.

In January 2022, company in joint venture, received LOAs for Design, Construction, Commissioning and O&M of 3 Rural Drinking Water Supply Projects in the districts of Aligarh, Badaun and Barabanki comprising 2337 villages in total, for an aggregate value of Rs. 2337.0 crore.

Company's share in the JV is 90%.

On execution front - company completed 4 HAM projects and 6 EPC projects during FY 22 and received PCODs/CODs for the same.

The Completed HAM projects include Aligarh-Kanpur four laning package II, Jhansi-Khajuraho four laning packages 1 & 2 and Chitradurga - Davangere six 6 laning.

The completed EPC projects include Varanasi-Gorakhpur four laning, Purvanchal Expressway Package 5 & 6, Nagina Kashipur four laning, Nagpur Mumbai Expressway package 4 and widening & strengthening of Lakhimpur-Dundhwa National Park stretch of a state highway, in UP.

Both Purvanchal Expressway Packages completed ahead of the respective scheduled completion dates.

In March 22, company received Rs. 82.68 Crore bonus for Purvanchal Expressway, Package-5 towards 132 days early completion, and in April 22 company received Rs37.02 crore bonus for Purvanchal Expressway Package-6 towards 97 days early completion.

Given the substantial order book of water projects, while Company wants to consolidate its position in the water sector, Company's focus area will remain the highway and expressway space.

However, Company will pursue guarded diversification in the project development business to continue the growth momentum without assuming the concentration risk.

At present, the company has a total of 25 projects in PPP format, comprising BOT-Toll, BOT Annuity, OMT and HAM assets.

Out of these 25 projects, we have 18 HAM projects with a total Bid Projects Cost of Rs. 24,590 crores.

Out of 18 HAM projects, we have achieved COD/PCOD of 5 projects, 6 are under construction and 7 projects recently awarded.

In terms of equity investments, the total requirement for all these 18 HAM projects including recently awarded 7 HAM projects is approximately Rs. 2,390 crores; out of which we have already invested Rs. 915 crores till March 2022.

The balance equity of Rs.1,475 Crore will be invested over the next 2-3 years, for which internal accruals that would be generated over the next 2-3 years should be sufficient.

Now moving on to our order book.

As mentioned earlier, the company received decent order inflow in FY22 total amounting to Rs. 11,152 crore.

Our unexecuted order book on 31st March 2022 was Rs.14,663 crores.

By including all the HAM projects for which we have been declared as L-1, our order-book would be over Rs.21,000 crores, that gives robust revenue visibility for the company over next 2-3 years.

Out of the total order-book the Roads & Highway Projects contribute around 65% and Water & Irrigation projects contribute around 35%.

Update on Ghaziabad Aligarh Project divestment

Company concluded the divestment process of Ghaziabad Aligarh Project on 26th May 2022 and the asset handed over to Cube Highways.

Company received Rs. 274.85 crores from the sale, while total transaction closed at an enterprise value of Rs.1,370 crores, that included senior debt to the lenders.

In Q3 of FY22 financials, Company already provided for an impairment of Rs. 39.39 crores and since the deal is closed now, Company further provided for an impairment of Rs. 90.33 crores during Q4 of FY22 in Standalone financials and Rs. 127.91 crores in the consolidated financials.

It may be noted that no more provision is required to be provided for by the Company in this regard.

Now I would present the standalone quarterly results of FY'22 and Annual performance of FY'22.

The results for the quarter and full year ended are not objectively comparable with the corresponding periods of last year as during the Q4 FY22 the company received an early completion bonus of Rs. 82.68 crores and has also provided an impairment of Rs. 90.33 crores towards sale of Ghaziabad Aligarh project, to allating to an impairment of RS. 129.72 CRORES IN FY22.

Revenue of 4TH quarter of FY22 is Rs.1,917 crore which is higher by 17% as compared to Rs.1,644 crore in 4TH quarter of FY21.

EBITDA for the 4TH quarter of FY'22 is Rs.225 crore and EBITDA margin is 11.7%.

Profit for the 4TH quarter of FY22 is Rs.135 crore as compared to Rs. 129 crore in the 4TH quarter of FY21, with a growth of 6% on YOY basis.

Annual

Revenue of FY22 is RS. 6,305 crore which is higher by 28% as compared to Rs. 4,925 crore of FY21.

EBITDA for FY22 is Rs. 787 crore which is higher by 16% as compared to Rs. 677 crore in FY21. The EBITDA margin for FY22 is 12.5%.

Profit for FY22 is RS. 445 crore as compared to Rs.362 crore in FY21, a growth of 23% on YOY basis.

I'll now take you through Consolidated Financials for the 4th Quarter of FY'22 and Annual performance of FY'22.

On a consolidated basis the impairment on account of divestment of Ghaziabad Aligarh project is Rs. 127.91 crores in Q4 OF FY22 and Rs.167.30 for FY22

Consolidated revenue of Q4 of FY22 is Rs.2,226 crore as compared to Rs. 1,864 crores in Q4 FY21, registering a growth of 19%.

Consolidated EBITDA for the 4TH quarter of FY22 is Rs. 480 crore which is higher by 14% as compared to Rs. 420 crore for the 4TH quarter of the corresponding quarter last year. The EBITDA margin for Q4 FY22 is 22%.

Consolidated PAT for Q4 of FY22 is Rs.247 crore as compared to Rs. 150 crore in Q4 FY21, with a growth of 67%.

Annual

Consolidated revenue of FY22 is Rs.7,208 crore as compared to Rs. 5,788 crores in FY21, registering a growth of 25%.

Consolidated EBITDA for FY22 is Rs.1,534 crore which higher by 8% as compared to Rs. 1,422 crore for the corresponding period last year. The EBITDA margin for FY22 IS 21.3%.

Consolidated PAT for FY22 is Rs. 580 crore as compared to Rs. 497 crore in FY21, with a growth of 17%.

ON THE STANDALONE BALANCE SHEET SIDE,

Our net worth on standalone basis is Rs. 3,340 crores as on 31ST March 2022 whereas total standalone debt is Rs.216 crores, which is only equipment finance debt. This translates to net debt to equity of 0.06 times.

As on 31ST March 2022, we did not have any working capital loan. The total cash and bank balance as on 31ST March 2022 was Rs. 407 CRORE.

We have a net cash of Rs. 191 crore as on 31ST March 2022.

On consolidated basis, our networth is Rs.3,628 crores whereas total debt is Rs. 4,779 crores as on 31ST MARCH 2022. This translates to net debt to equity of 1.32 times.

The total cash & bank balance including current investments is Rs.1,046 CRORE.

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

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

Mohit Kumar: Hi good afternoon Sir and congratulations on very good quarter. My first question is how to see FY2023 in terms of revenues and EBITDA margin and you can please explain the softness in the EBITDA margin in the current quarter.

Yogesh Kumar Jain: EBITDA margin should be 13%-13.5% for FY 2023.

Mohit Kumar: Revenue Sir. Revenue guidance.

Yogesh Kumar Jain: It should be a growth of around 15%.

Mohit Kumar: Any colour on the last year EBITDA margin especially last quarter was it affected by the high input inflation and how much was the impact.

D K Maheshwari: As regards to the margin it may impact marginally, however it is now on reducing trend as the steel prices have reduced and we are also having escalation clause in all the projects, in the HAM projects as well in the EPC projects.

Mohit Kumar: Understood Sir. My second question is when do you expect appointed dates for all the seven new HAM projects which you have won and what is the status of land acquisition.

- D K Maheshwari:** The land status of seven HAM projects awarded recently. In five projects 80% land is clear & are in 3G & 3H stages and remaining two projects 3G yet to be completed.
- Mohit Kumar:** When do you expect appointed dates for all the new projects Sir? When is the appointed date?
- Yogesh Kumar Jain:** We are expecting between November and December.
- Mohit Kumar:** Understood Sir. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Hi Sir. Couple of questions first when we say 15% revenue growth in FY2023 so last time we said Rs.1,500 Crores revenue from UP projects so that remains intact or is there any change.
- Yogesh Kumar Jain:** That remains intact.
- Shravan Shah:** How much are we factoring in revenue from this HAM projects where the appointed date as you said would by third quarter October, December.
- D K Maheshwari:** In the growth of 15%, we expect Rs. 200 Crore revenue from these 7 HAM projects in FY'23.
- Shravan Shah:** Okay got it. Sir first the breakup of equity investment and the monetization so you already mentioned that Rs.2,390 odd Crores equity is required and Rs.1,475 Crores is to be invested in two to three years so in FY2023 how much and in FY2024 how much.
- D K Maheshwari:** Out of the outstanding of Rs.1,475 Crores around Rs.410 Crores, we have to infuse in FY2023 and Rs.450 - 500 Crores in FY2024 and Rs.350 - 400 Crores in FY2025.
- Shravan Shah:** Okay got it. And in terms of the monetization where we were expecting last time we said that by end of March we will have a clear idea in terms of 5 HAM and one annuity where we were expecting a monetization so having three odd proposals so any update on that.
- D K Maheshwari:** Actually we are discussing with two buyers, valuation is below our expectation because of certain reasons and rate of interest is also not stabilized at this point of time so we will take the decision in FY2023 on this.
- Shravan Shah:** But do we think that by end of FY2023 we get the cash from this monetization.

- D K Maheshwari:** We are expecting.
- Shravan Shah:** But the 5 HAM and 1 annuity that remains the same or is there any inclusion of the more projects in that.
- D K Maheshwari:** No.
- Shravan Shah:** Sir I need couple of data points particularly in the order book for the remaining projects which are not there in the presentation so I will name the projects and if you can tell me the outstanding order book, so Nagina Kashipur it would be zero as on March.
- D K Maheshwari:** Almost Negligible.
- Shravan Shah:** Okay Bhojpur-Buxar and Koilwar-Bhojpur?
- D K Maheshwari:** Bhojpur-Buxar is Rs.61 Crores and Koilwar-Bhojpur is Rs.60 Crores.
- Shravan Shah:** Okay then Chitradurga-Davangere is over. Jhansi both the packages are over, Chakeri-Allahabad?
- D K Maheshwari:** Rs.360 Crores.
- Shravan Shah:** Mumbai Nagpur package 4 as on March.
- D K Maheshwari:** It was completed in March. It was negligible around Rs.25 to 30 Crores was outstanding on March.
- Shravan Shah:** Then the Delhi-Vadodara package 29 and package 31?
- D K Maheshwari:** 29 was Rs.410 Crores and package 31 was Rs.510 Crores.
- Shravan Shah:** And the irrigation project in AP.
- D K Maheshwari:** Rs. 940 as on date because we have billed in the month of April and May around Rs.40-45 Crores.
- Shravan Shah:** Because in December it was Rs.960 Crores so is there any increase in scope of work.
- D K Maheshwari:** Yes, some COS was there.

- Shravan Shah:** So as of March it was Rs.980 Crores. Okay and remaining water project which was Rs.246 Crores and other was Rs.904 Crores as on December so what is the value against that.
- D K Maheshwari:** As last time Mr. T. R. Rao has told that the original value had been increased of the project it was originally Rs.2,800 Crores which has increased to Rs.4,700 Crores. Now total outstanding in the water project as March 31 is Rs.6,900 Crores.
- Shravan Shah:** Sir if you can help me with the individual break up because we got the three project one originally was Rs.246 Crores, second was Rs.904 Crores and the third six water project was Rs.2,351 Crores.
- D K Maheshwari:** That we will give offline individually.
- Shravan Shah:** And lastly Sir in terms of the early completion bonuses. We know Nagpur-Mumbai we were expecting some bonus around Rs.50 odd Crores and Aligarh-Moradabad Rs.13 Crores and apart from that is there any other completion bonus likely to be there in first and second quarter.
- T. R. Rao:** In the first and second quarter of FY2023 we do not expect any completion bonus. In case of Aligarh-Moradabad the bonus is due but there is some internal process involved at NHAI so it will take some more time before we realize the bonus.
- Shravan Shah:** And nothing on the Nagpur-Mumbai express way. No early completion bonus.
- T. R. Rao:** Yes, as of now the situation is not clear.
- Shravan Shah:** And lastly on the capex and the debt front, so what is the capex for FY2023 and debt how do we see by the end of this year so I hope the working capital days whatever is there as on FY2022 will remain the same. Is there any change in that please let us know.
- D K Maheshwari:** In the capex we are expecting around Rs.100 to 120 Crores in FY2023 and working capital days expected around 95.
- Shravan Shah:** Standalone debt would be by end of FY2023 would be how much.
- D K Maheshwari:** Gross debt is expected to be around Rs.200 Crores.
- Shravan Shah:** And in terms of the inflow how much more are we expecting in FY2023 now.
- D K Maheshwari:** In the range of Rs.8,000 to 10,000 Crores.

- Shravan Shah:** So this is also in the HAM or any other sectors now we are looking at.
- T. R. Rao:** It is combined but primarily from the highway sector.
- Shravan Shah:** Okay thank you and all the best.
- Moderator:** Thank you. The next question from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Good afternoon Sir. Sir first thing in the JJM how much revenue we have done in Q4 and FY2022.
- T. R. Rao:** See JJM FY2022 put together we have done a billing of Rs.108 Crores and we have done a work around Rs.200 Crores. I am talking about total in fourth quarter.
- Ashish Shah:** Okay and Sir of this how much is paid and how much is outstanding.
- T. R. Rao:** See out of Rs.200 Crores work done we booked Rs.108 Crores and we received payment of Rs.108 Crores. 100%, whatever amount we booked we received the payment. Apart from that we got around Rs.156 Crores mobilization advance under phase II which is 10% of the DPRS approved, Rs.156 Crores mobilization we received is interest free.
- Ashish Shah:** And Sir just to reconfirm the JJ models have a price escalation mechanism is that correct both the phase one and the phase two.
- T. R. Rao:** Price escalation to the extent of only HDPE pipes that is based on resin of the oil companies base price, other price escalation is not there.
- Ashish Shah:** Sure but then the pipe is a major component.
- T. R. Rao:** Yes, pipe is a major component.
- Ashish Shah:** Also Sir coming back to the point on the monetization of the HAM project Sir, although we are looking at probably better valuation than what we are getting today but one point is that there are so many HAM projects in the market today and would not it be more prudent to maybe take a little bit of lower valuation but better to free up the cash flow that is the question that I had whether we have any such thought process.
- Yogesh Kumar Jain:** We are also thinking in the same line.

- Ashish Shah:** Last question Sir. This quarter we would have also had some revenue and cost attributed to the toll collection contract for the eastern peripheral so if you can just give me what is the revenue which is included here and what is the cost, the payment to NHAI which is included in the Q4 numbers?
- D K Maheshwari:** Total revenue was included Rs.89 Crores in the total revenue in 4th quarter. Revenue was slightly lower because of the COVID and it is improving now a days. Presently, it is around Rs.120 lakhs per day but during the fourth quarter it was slightly lower than expectation.
- Ashish Shah:** Okay so that also may be one of the reasons why the Q4 margin may be impacted right because Rs. 89 Crores that would have not covered the whole cost to NHAI.
- D K Maheshwari:** Very true.
- Ashish Shah:** Okay thank you very much.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Philip Capital. Please go ahead.
- Vibhor Singhal:** Yes good afternoon Sir. Thanks for taking my question. Sir two questions from my side. First question in this quarter the overall working capital and the debtor amount seems to have basically gone up a bit quarterly wise also annual wise also so any specific payments delays that we are seeing from any specific project or is it related to payment from the HAM projects if you could just give some idea on that?
- D K Maheshwari:** This is not the reason because on specific date of March 31, 2022 it is comparatively higher because we have not taken the disbursement of the HAM EPC projects or otherwise it is in the range of the 60 days. Since the company was having the cash and bank balance, hence we decided not to take the disbursement in the HAM projects from lenders.
- Vibhor Singhal:** Got it Sir so basically we are not taking disbursement of the HAM projects still then we are completing? Later on when we reverse, we reverse that?
- D K Maheshwari:** Amount wise it seems the higher side but debtor day it reduced to 74 days from 96 days.
- Vibhor Singhal:** Got that. Secondly Sir we are guiding to 15% growth in revenue next year which will probably take us to more Rs.7,000 Crores of revenue as per our order book as you mentioned from that we are only Rs.200 Crores to Rs.300 Crores of execution for the 7 HAM projects so majority of execution has to come from the Rs.14000 Crores of order book and from that Rs.7,000 Crores is JJM out of which you are expecting only Rs.1,500

Crores of revenue so basically what we are expecting is that out of Rs.7,000 Crores of remaining order book we will do almost Rs.5,000 Crores to Rs.6,000 Crores of revenue?

- D K Maheshwari:** Right from the road sector.
- Vibhor Singhal:** From the road sector so those Rs.14,000 Crores we will be able to do Rs.5,000 Crores to Rs.6,000 Crores of order book? Is that understanding right Sir?
- T. R. Rao:** Right. Actually the projects which we are executing in the road sector are expected to be completed majority of them during the FY2023.
- Vibhor Singhal:** Right. That is what I wanted to ask? That means of these projects will get completed in FY2023?
- T. R. Rao:** Yes.
- Vibhor Singhal:** Got it and so this year when we are looking at Rs.8,000 Crores to Rs.10,000 Crores of order inflow will that be majorly road projects only? Given now the UP elections are behind, the government has been elected and they might again start giving out Jal Jeevan Mission orders? Are we expecting some inflow from Jal Jeevan Mission also this year?
- T. R. Rao:** We are expecting some inflow, but essentially from the road sector to the extent of 80% to 90%. That would be around 10% from the Jal Jeevan Mission.
- Vibhor Singhal:** Got it but just one last question if I may? Sir Jal Jeevan Mission we have primarily taken orders in UP only? From what we understand lot of orders are to come up in neighboring states of UP like MP, some in Rajasthan and other states also so we will be interested in taking projects in those states also or we will restrict ourselves to UP only for JJM?
- T. R. Rao:** We are evaluating those opportunities. Actually, our priority is to consolidate our position in whatever projects we have got in UP.
- Vibhor Singhal:** Got it. Sure Sir. Great Sir. Thank you so much for answering my questions and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Bharani Vijay Kumar from Spark Capital. Please go ahead.
- Bharani Vijay Kumar:** Good afternoon Sir? So what component of the water projects is made up of this pipes? You said it is majority of the project cost? Just wanted to find out the percentage?

- T. R. Rao:** Percentage wise we will share you separately. Otherwise the pipes constitute the majority of the cost followed by the overhead tank and other parts and boring.
- Bharani Vijay Kumar:** Not water pumps, etc.?
- T. R. Rao:** Normally bore we consider it including the submersible pump and other fixtures and there is some element of solar power also is there but the majority is the pipes.
- Bharani Vijay Kumar:** Okay. The next is on the completion so we had won the seven HAM projects in the month of March when the competition was very high? Could you help us understand according to you would these projects continue to have fair amount of margins that we usually do at around 13% or the number of bidders were higher and you feel it might impact the margins on these projects?
- T. R. Rao:** Out of seven HAM projects what we secured in the Q4 of FY2022, six projects are located in UP which are lying in our stronghold area so we have our in-house mining as well as crushing and operations, which will enable to provide the raw materials for these projects so we are also pursuing what best we can do in the value engineering side so we do not expect any impact on the margins so that 13% EBITDA we should be able to maintain for all these 7 projects.
- Bharani Vijay Kumar:** Okay and now coming to this Rs.274 Crores money received for the Ghaziabad Aligarh deals where it is in the cash flow? I am not able to see it in the standalone cash flows?
- D K Maheshwari:** We have received payment on May 26, 2022.
- Bharani Vijay Kumar:** So it will be reflected in the coming quarter?
- T. R. Rao:** It will be reflected in Q1 of FY2023.
- Bharani Vijay Kumar:** So we had a lot of warrants and loans given to this project so how would these reduce? How this Rs.274 Crores be used?
- D K Maheshwari:** Warrants have already been converted to unsecured loans in March 2020 itself. It was reflecting in the unsecured loan in the book of the PNC. The total unsecured loan is Rs.287 Crores which includes the amount of the warrant. It was issued in the year 2016.
- Bharani Vijay Kumar:** Got it and coming to this, you mentioned two projects of the new seven HAM projects have some land acquisition delays or it is not accruing the percent so we do not have possession for 80% of the land? Am I right so which are these two projects?

- D K Maheshwari:** Mathura Bareilly 1B and Gorakhpur Sonauli.
- Bharani Vijay Kumar:** So means 3G it is possession right land possession?
- Yogesh Kumar Jain:** 3G means award.
- Bharani Vijay Kumar:** Then these other two projects when are we likely to get?
- T. R. Rao:** When compared to the remaining five projects there will be a delay of one to two months that is all, so what we expect all the seven projects 80% land would be available before declaration of appointed dates.
- Bharani Vijay Kumar:** Sure fair enough. Thanks and all the best?
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good afternoon Sir. Thanks for taking my question and congratulations on a good set of numbers. Sir my first question is on the revenue side for FY2023 so as you said that revenue from water projects you can expect Rs.6,000 Crores in FY2023 so in the last call we said that we can expect revenue from water projects at around Rs.1,500 Crores in FY2023 but we now revision in cost for the water projects by almost 40% so what is the revenue which we can expect from the water projects and also revenue from the AP irrigation projects so if you add all this together our revenue guidance can be upwards of 20% to 25% can you please throw some light on this?
- T. R. Rao:** In the water projects we are seeking Rs.1,500 Crores from the Jal Jeevan, as they have approved projects worth of Rs.1,660 Crores, 702 DPR they approved during the period of September and December which have to be completed within 18 months so we expected revenue of Rs.1,500 Crores only. We are not up-warding this amount and from irrigation we are expecting a revenue of around Rs.200 Crores in the current financial year FY2023 so both put together will come around Rs.1,700 Crores plus in the road sector as we mentioned it may be Rs.5,500 Crores to Rs.6,000 Crores from the road sector so overall we are expecting around Rs.7,200 Crores kind of a thing which will be around 15% of the growth.
- Jiten Rushi:** But Sir just harping in it like in the water segment you said the DPR your last in September and October but probably the DPR will also come through this year so your execution will again start so then what is the revenue you are expecting in FY2024 and FY2025, so what is the completion timeline for this water projects and the irrigation project so what can be the revenue run rate in 2024-2025 if you want extrapolate?

- T. R. Rao:** This depends on how fast they approve the DPRs and based on the funds that are available with the state government so they keep on approving the DPR so as of now we cannot say but definitely in FY2024 the revenue guidance will be more than FY2023, so it will be around Rs.2,000 Crores what we expect. It is very rudimentary figure, going forward only we can say with certainty.
- Jiten Rushi:** But we can expect the project to complete in 2025 right?
- T. R. Rao:** Which one.
- Jiten Rushi:** This water projects in UP JJM projects, these projects should get over in FY2025 the three project, the old project and the one new project in January.
- Yogesh Kumar Jain:** They give 18 months time after approval of the DPRs so whenever they will approve DPR plus 18 months.
- T. R. Rao:** So hopefully it will be completed by FY2025.
- Jiten Rushi:** And the irrigation project which is going slow and you gave a guidance of Rs.200 Crores only this year so I understand because the monsoon the irrigation project gets delayed so what is the timeline for this to get complete?
- T. R. Rao:** So we have time up to 2024 we executed agreement in 2021 so we have got time up to 2024.
- Jiten Rushi:** Okay March FY2024 you are saying okay?
- T. R. Rao:** Yes, in FY2024.
- Jiten Rushi:** And Sir most of the older old projects like Delhi-Vadodara packages and the HAM projects of Una and others like Meerut and all should get over this year right Sir?
- T. R. Rao:** Delhi-Vadodara, Lucknow ring road and Bihar two projects and Chakeri-Allahabad all these projects, set to complete during the FY2023.
- Jiten Rushi:** So which project we will complete in 2024 then?
- T. R. Rao:** HAM projects which are now going on now they we see, so they may slightly go into 2024. Unnao has got a 30 months time.

Jiten Rushi: Sir can you give me the toll collection number for your projects Sir Q4 and FY2022 full year?

D K Maheshwari: Yes. The MP highway for Q4 is Rs.14.3 Crores and full year is Rs.51.3 Crores. The OMT project Kanpur Ayodhya is Rs.114.3 Crores and full year is Rs.442 Crores. Then Kanpur Highway is Rs.20.2 Crores and full year is Rs.100 Crores. Narela is Rs.10.46 Crores and full year is Rs.43.2 Crores. Bareilly is Rs.13 Crores for Q4 and full year is Rs.50.4 Crores and Raibareli Jaunpur is annuity Rs.32.16 Crores and full year Rs.128.34 Crores.

Jiten Rushi: Sir what will be our Ghaziabad-Aligarh in Q4?

D K Maheshwari: In Q4 it was Rs.56.8 Crores.

Jiten Rushi: For full year?

D K Maheshwari: Full year is Rs 225.2 Crores.

Jiten Rushi: 225.?

D K Maheshwari: Rs.225.2 Crores.

Jiten Rushi: Sir that is it from my side and all the best for the new financial year? Thank you Sir.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good afternoon Sir. Thanks for the opportunity once again? Sir my first question is on clarification of bonus income? You said that are you expecting the bonus income from the package five of the Purvanchal expressway and secondly on the Aligarh Project how many days ahead we completed the project?

T. R. Rao: In case of Purvanchal Express that is Package V, we completed 132 days ahead of schedule. The rate of bonus is 0.04% of the contract cost for each day so we got Rs.82 Crores from the Purvanchal Express package five and in case of Purvanchal Express package six we completed 97 days ahead of schedule at the rate of 0.04% and we got a bonus of Rs.37 Crores from the Purvanchal Express package six in the month of April, which will be reflected in the Q1 of FY23.

Mohit Kumar: Understood and on Aligarh-Moradabad Sir?

- T. R. Rao:** Aligarh- Moradabad there is a bonus due of around Rs.17 Crores because there is a lot of approvals and other processes involved, at NHAI, so we expect to realize that bonus in FY2023.
- Mohit Kumar:** Understood Sir. Secondly we won a project from NHAI for collecting toll plaza are you willing to do more such projects or it was one off?
- T. R. Rao:** We will evaluate based on the project opportunities. We will see whether we bid it but this kind of project is only one project has come from NHAI.
- Yogesh Kumar Jain:** Currently we are not bidding. We are trying for OMT and TOT so it is just only one package is there.
- T. R. Rao:** You can say it is a one-off kind project.
- Mohit Kumar:** Are you looking also for TOT Sir by any chance or we will not take the toll risk?
- Yogesh Kumar Jain:** We are evaluating and as last TOT we did not bid.
- Mohit Kumar:** Understood Sir and are you looking at some package of the Ganga Expressway from the private companies?
- Yogesh Kumar Jain:** No. Not at all.
- Mohit Kumar:** Understood Sir. Thank you and all the best Sir.
- Moderator:** Thank you. The next question is from the line of Parvez Qazi from Edelweiss. Please go ahead.
- Parvez Qazi:** Good afternoon Sir and thanks for taking my question? Sir I wanted to get some more details on the JJM project in UP? Overall I mean how many DPRs have been prepared till date and how many DPRs preparation and approval do we expect in FY2023?
- T. R. Rao:** In the JJM phase two we have a total DPRs of around 1600. Out of 1600, 700 DPRs they approved for a cost of Rs.1,560 Crores so we expect another 300 DPRs to be approved in the current financial year so that would roughly translate into around Rs.500 Crores value of work. The remaining DPRs though we have prepared it is in the process of approval and then to be sanctioned by the SLSSC followed by signing of cover agreements so it is a long drawn process.
- Parvez Qazi:** And for phase one everything has been approved right?

- T. R. Rao:** Which one ?.
- Parvez Qazi:** This company for phase one?
- T. R. Rao:** Phase one is the only one project and that DPR got approved. There we achieved more than 35% progress so we expect to complete that project in FY2023.
- Parvez Qazi:** Sure. That is it from my side and all the best.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Congratulations on a good financial year and quarter. My first question is on UP state budget so major project as and when UP state? I am asking in this financial year is there any major capex announcement on the road or any other infrastructure project Sir if you can throw some light on that?
- D K Maheshwari:** Parikshit Ji your voice is not clear.
- Parikshit Kandpal:** UP state budget they have been some major announcement on infrastructure investment new roads, new expressway because Ganga Expressway was the last one, are there any more?
- T. R. Rao:** As of now nothing. Ganga Expressway is the last one. For other projects even they are approaching Government of India to take-up, so no further projects by the UP Government.
- Parikshit Kandpal:** My second question is on the water projects Sir you told there are Rs.6,900 Crores of JJM projects are there? In this Rs.6,900 Crores only Rs.1,500 Crores has been approved?
- T. R. Rao:** Yes. Out of Rs.6,900 Crores only Rs1,560. Crores worth of projects approved by the state level committee.
- Parikshit Kandpal:** All these Rs.7000 Crores will be completed by FY2025?
- T. R. Rao:** We expect.
- Parikshit Kandpal:** Sir just last few quarters EBITDA margin that you have given in your presentation, 12.5% and odd, this bonus is part of the results which you have disclosed Rs.82 Crores of bonus is part of revenue and impairment is part of other expenses right?
- D K Maheshwari:** It is included in revenue.

- Parikshit Kandpal:** How much will be the loss on peripheral roads in EBITDA?
- D K Maheshwari:** Around Rs.4 Crores to Rs.4.5 Crores Sir.
- Parikshit Kandpal:** In Q4 right because of that margin will be little lower?
- D K Maheshwari:** Right.
- Parikshit Kandpal:** Just lastly Sir on the HAM projects where monetization you have spoken about now the interest rates are going up but the investors are still not giving any thought that valuations are going up so you should be a little better because your body language is still like evaluations are not as per our expectation and you still wait and watch so what are the major variables in the model which is basically not making this deal happen so what are the major concerns so if you can just touch upon GST related issues? Has that been sorted out by NHAI, then direct taxation related issues has that been sorted out so interest is obviously one part but other two things if you can throw some light how the investors are looking at those factors on direct taxation and GST related issues?
- D K Maheshwari:** Actually we are discussion with the buyers and the main concern is the valuation which is not in the line with what we are expecting and we will take the call in FY2023.
- Parikshit Kandpal:** But are we thinking for Public InvIT is thinking because now the portfolio has become quite sizeable and accreting like Rs.2000 Crores per equity and already we are nearing Rs.1000 Crores of investment so are we looking at giving a rethought that may be Public InvIT will be the right way of creating better valuation and better value and low cost of capital?
- D K Maheshwari:** Instead of private, we can go with Public InvIT also.
- Parikshit Kandpal:** Okay and any fundraising plan Sir because there is a huge outlay for expertise so are we looking at any fundraising plans for the company on the standalone level?
- D K Maheshwari:** There is no plan of fund raising as we don't require fund for infusion of the equity in the HAM projects as it would be sufficient from our own generation.
- Parikshit Kandpal:** So just to conclude Sir so earlier we used to get project on premium HAM? We used to get margins of 13% to 13.5%? Now last time both the projects have gone under discount commodity prices are higher but still we are guiding that we will be able to maintain 13% to

13.5% margin because we have very local expertise and local supply chain within UP which can help us get some productivity and value engineering right?

D K Maheshwari: Yes Sir.

Parikshit Kandpal: Thank you Sir. Those are my questions and all the best to you.

Moderator: Thank you. The next question is from the line of Viraj Gawade from Aurum Capital. Please go ahead.

Viraj Gawade: Good afternoon Sir. Thank you for taking my questions? Sir can you shed some light on the Rs.90.33 Crores impairment of Ghaziabad-Aligarh Expressway and also Rs.129.7 Crores for the same one and will you shed any impairment going forward?

D K Maheshwari: No impairment is required in future in GAEPL.

Viraj Gawade: And Sir why this impairment in the recent Ghaziabad-Aligarh Expressway Private Limited?

D K Maheshwari: Pardon.

Viraj Gawade_: Why the impairment in the recent Rs.90.23 Crores and Rs.120.72 Crores why this impairment?

T. R. Rao: Actually the valuation what we are expecting from the sale plus what compensation we are expecting from NHAI is more than what we actually received. Many of the projects in the BOT toll segment, NHAI compensated higher amounts on account of delay in handing over of the land and other further omissions on part on NHAI but in the case of Ghaziabad though we were expecting more than Rs.500 Crores compensation from NHAI, finally the Ghaziabad-Aligarh project could be able to receive only Rs.150 Crores so there was reduction in the compensation which resulted into impairment.

Viraj Gawade: Thank you so much.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.

Shravan Shah: Sir what is the mobilization advance and the retention money as on March?

T. R. Rao: We will share you separately.

- D K Maheshwari:** The retention money is Rs.198 Crores and mobilization advance from Authority is Rs.620 Crores.
- Shravan Shah:** Sorry retention money was Rs.198 Crores?
- D K Maheshwari:** Yes.
- Shravan Shah:** And mobilization advance was?
- D K Maheshwari:** Rs.620 Crores.
- Shravan Shah:** What was the HAM debtors out of the total Rs.1,273 odd Crores debtors?
- D K Maheshwari:** There is a HAM debt.
- Shravan Shah:** HAM debtors receivable HAM receivables? Total Rs.1,273 Crores as on March so from that so HAM projects because last quarter it was Rs.942 odd Crores?
- D K Maheshwari:** It is Rs.793 Crores Sir.
- Shravan Shah:** Sir in Ghaziabad-Aligarh just a clarification needed though you said that no impairment required but when announcement has come it is said that we invested Rs.442 Crores and received Rs.275 Crores so that is the loss or impairment of Rs.167 Crores but the impairment that we have taken is lesser than that why is it so?
- T. R. Rao:** In Q3 already provided Rs.39 Crores impairment.
- Shravan Shah:** Sir Rs.39 Crores plus this Rs.90 Crores adds to Rs.127 Crores?
- D K Maheshwari:** And remaining it has gone in the PNC holding because the equity was infused by PNC Infratech directly as well as from PNC Holding so Rs.37 Crores impairment has gone in the PNC Holding and if you see the consolidated account, the total impact of Rs.167 Crores including Rs.39 Crores in the Q3 of FY2022 is reflected.
- Shravan Shah:** Got it and the toll revenue projects that we have where we have booked Rs.89 Crores revenue and Rs.4.5 Crores loss in this quarter so this is in the standalone revenue so this quarter how do we see the revenue and are we looking for any EBITDA loss in this quarter?
- T. R. Rao:** We do not expect. What has happened from April onwards the toll revenues improved sizably so we do not expect any revenue loss during FY2023 for the remaining nine months.

- Shravan Shah:** So at the EBITDA level if it comes as per your expect so what would be the EBITDA margin so revenue let us say whatever Rs.89 Crores was in Q1 so in this quarter Q1 FY2023 if it comes as per your expectation so what would be the EBITDA margin that we look at?
- T. R. Rao:** We have not specifically worked out. We will come back to you separately on a one to one.
- Shravan Shah:** Thank you.
- Moderator:** Thank you. The next question is from the line of Uttam Srimal from Axis Securities. Please go ahead.
- Uttam Srimal:** Good afternoon Sir. Thanks for taking my question. Sir you guided for capex of Rs.100 Crores to Rs.125 Crores in FY2023 so what is the capex guidance for FY2024?
- D K Maheshwari:** Should be in the range of Rs.75 Crores to Rs.80 Crores not more than that.
- Uttam Srimal:** Okay and Sir what is the current composition over our EPC and HAM projects currently in terms of percentage?
- D K Maheshwari:** Around 65% in the Road projects and 35% in water
- Uttam Srimal:** So what will be in terms of percentage Sir in HAM V/s EPC overall?
- T. R. Rao:** It will be about 80: 20.
- Uttam Srimal:** 80 is HAM and 20 is EPC?
- Uttam Srimal:** Okay and Sir now coming to operating cash flow? Last year our operating cash flow has reduced substantially so do we think that we will be able to improve substantially in FY2023?
- D K Maheshwari:** We do not think so much.
- Uttam Srimal:** Because these have reduced to Rs.88 Crores? In FY2021 it was Rs.273 Crores?
- D K Maheshwari:** In this case of debtors. In case if you take the disbursement from the HAM project it should be much higher especially we are not taking the disbursal from the HAM projects.
- T. R. Rao:** Yes including the new projects.
- Uttam Srimal:** That is all from my side and all the best to you? Thanks.

- Moderator:** Thank you. The next question is from the line of Prem from Anand Rathi. Please go ahead.
- Prem:** Thank you for taking my question. Sir most of my questions are already answered so just a couple of questions so first was mostly clarifications only? Sir when I look at our consolidated financial for the quarter, the contracts revenue that you show in your segment numbers it is around Rs.1800 odd Crores and when I compare it with our standalone the difference is quite stark when I compare with let us say the earlier quarters? The difference on an average used to be around Rs.20 Crores to Rs.30 odd Crores between standalone and the contract revenues that you report in segment but in this quarter it is more than Rs.100 odd Crores so would you be able to explain and why would this difference be there in this quarter this large difference be there in this quarter and same way toll and annuity revenue that you report that you report in your segment has gone up from Rs.230 Crores last quarter to Rs.427 Crores in this quarter?
- D K Maheshwari:** It is only because of the elimination in the consol accounts because certain maintenance we have booked and we have taken elimination in the consol.
- Prem:** How about Sir toll annuity income from Rs.230 Crores to Rs.427 Crores almost Rs.200 Crores of change on a sequential basis?
- D K Maheshwari:** We have received the annuity of the new HAM projects because around five projects we have received the COD and PCOD in this year.
- Prem:** Sure just one more question so on this Ghaziabad-Aligarh the deal that we have done I think everything is already settled so the money that has come of Rs.275 Crores this is adjusted for any claims that have been received by the SPV or the claims would be over and above this? The Rs.150 odd Crores amount that you spoke about that we have been able to manage in terms of claims from NHAI? Has that money already come and the valuation is adjusted for the Rs.150 odd Crores or Rs.150 Crores is over and above this enterprise?
- T. R. Rao:** The Rs.150 Crores compensation what received so that includes the entire settlement amount.
- Prem:** Sure that is it from mine. Thanks a lot and all the very best for future.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Jiten Rushi for closing comments.
- Jiten Rushi:** Thanks Faizan. We thank the participants for joining the earnings call. Thanks a lot and over to you Sir for any closing remarks.

Yogesh Kumar Jain: Thank you everyone for your participation in our earning call. We have uploaded the presentation of our company's website. In case of further queries you may get in touch with the strategic growth advisors, our investor relations advisors or feel free to get in touch with us. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.