



“PNC Infratech Limited Q4 FY-21 Earnings Conference Call”

June 28, 2021



MANAGEMENT: **MR. YOGESH KUMAR JAIN – MD, PNC INFRATECH LIMITED**
MR. T. R. RAO – DIRECTOR (INFRA), PNC INFRATECH LIMITED
MR. BHUPINDER SAWHNEY – CFO, PNC INFRATECH LIMITED
MR. D.K. MAHESHWARI – VP (FINANCE), PNC INFRATECH LIMITED

MODERATOR: **MR. SHRAVAN SHAH – VP (RESEARCH & ANALYST), DOLAT CAPITAL**

Moderator: Ladies and gentlemen good day and welcome to the PNC Infratech Limited Q4 FY21 Earnings Conference Call hosted by Dolat Capital. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shravan Shah – VP (Research & Analyst) from Dolat Capital. Thank you and over to you sir.

Shravan Shah: Thank you Faizan. Good afternoon, everyone. I would like to welcome you all for Q4 FY21 results conference call of PNC Infratech limited. We thank the management for giving us the opportunity to host the call. Today we have senior management team of PNC Infratech with us. I congratulate entire team of PNC Infratech for robust performance. Without wasting much time, I will now hand over the floor to the management for their opening remarks and then we can have a Q&A. Over to you, sir.

Yogesh Kumar Jain: Good afternoon friends and a very warm welcome to all of you present on the call to discuss our financial results for Q4 & FY21.

Today along with me, I have Mr. T.R. Rao, Director (Infra), Mr. Sawhney, CFO and Mr. Maheshwari, VP (Finance) and Strategic Growth Advisors, our investor relations advisors.

I hope all of you and your loved ones are healthy & safe and everyone is following all the regulations and safety protocols laid out by various authorities.

I would like to discuss key sector highlights first, followed by financial and operational highlights of the Company.

The pace of highway construction was lower during the period from April to October 2020 due to covid-19 induced restrictions and disruptions.

However, the construction activities started reviving since Nov’ 2020.

The government continues to focus on infrastructure development and has announced an ambitious plan for development roads & highways worth Rs. 15 lakh crore over the next 2-3 years as part of the National Infrastructure Pipeline.

According to the MoRTH, over 7,300 infrastructure projects across the sectors would be implemented under the National Infrastructure Pipeline with a total outlay of Rs 111 lakh crore by the year 2025.

Highway awarding activity by MoRTH and NHAI gathered pace in FY2021 with 10,965 km of highways awarded as compared to 8,948 km in FY2020.

NHAI awarded 141 projects in FY2021 aggregating to 4,788 kilometers.

In the awarding activity, HAM and EPC projects occupied the largest share.

Out of total projects awarded in 2020-21, only two were on BOT model, 69 projects on HAM model and balance 70 projects on EPC.

NHAI is planning to award projects worth over Rs 2lakh crore in the current financial year.

After witnessing a muted movement in H1 of FY'21 due to severe restrictions imposed by the governments, road traffic witnessed a significant improvement in H2 of FY2021 led by pick-up in the movement commercial vehicles.

Nation level FASTAG based toll collection has picked up and risen to 97% of the total collection in terms of the revenue by March'21.

Widespread restrictions imposed by various states across the country to contain the spread of more aggressive 2nd wave of Covid-19, there has been significant reduction in tollable traffic, which would impact the toll revenues in Q1FY22.

However, toll revenues are expected to rise from July 2021 onwards provided the current trend of decline in COVID cases sustains.

Now coming to the key updates of the company –

As a risk-mitigation strategy, over the years company focused on diversification in its project development business with balanced mix fund-based and non-fund-based projects, which helped the company to achieve the growth momentum without assuming the concentration risk.

Our focus area will continue to be the roads& highways sector, as a large number of project opportunities will continue emerge in this space, going forward.

Jal Jeevan Mission being the large and nation-wide rural drinking water supply program, substantially funded by the central government, we forayed into this sector by securing mandates in five revenue divisions of Uttar Pradesh comprising over 3500 villages in joint venture with a strategic partner, our Company's share in the JV being 95%.

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

Out of the 18 projects, 11 projects are operational and 7 projects are under construction.

In the month of June 2021, we have secured PCODs for 3 HAM projects.

In terms of equity investments, the total requirement for all the 11 HAM projects is approximately Rs. 1460 crores, out of which we have already invested Rs. 600 crores till March 2021 and the balance will be invested over the next 2-3 years.

Internal accruals that would be generated over the next 2-3 years should be sufficient to fund the total balance equity investment.

Now moving on to our order book.

Over the past few quarters, the company worked towards diversification of the order-book, and the result is visible in our current order book landscape.

During the FY'21, we have received orders worth 7677 crores.

Our unexecuted order book as on 31st March'21 was over Rs.11,600 crores. By including all the projects for which contract agreements have already been executed and awaiting declaration of appointed dates as on 31.3.2021, our order-book would be over Rs. 16,500 crores, that gives robust revenue visibility for the company over next 2 to 2 ½ years.

Of the total order-book of Rs. 16,500 crores, the Roads EPC contracts contribute around 27%, HAM projects contribute around 45% and Water and canal projects contribute around 28%.

Now moving on to Credit Ratings:

We continue to maintain one of the best credit ratings in the industry with CARE AA for Long Term Bank Facilities and CARE Single A1 Plus for Short Term Bank facilities.

Strong and sustainable credit ratings in the current scenario is not only a testimony for our prudent financial management but enable us to raise funds at competitive levels.

Now I would present the results for the quarter ended March 31, 2021.

Standalone Quarterly Result:

Revenue of 4TH quarter of FY21 is Rs. 1,644 crore which is higher by 42% as compared to Rs. 1,158 crore in 4TH quarter of FY20.

The EBITDA for 4TH quarter is Rs. 232 crore which is higher by 49% as compared to Rs. 156 crore in 4TH quarter of FY20. The EBITDA margin for 4TH quarter is 14.1%

The profit for 4TH quarter of FY21 is Rs. 129 crore as compared to Rs. 76 crore in 4TH quarter of FY20, a growth of 70% on YOY basis.

Moving on to full year results on standalone basis (12M)

Revenue for FY20 i.e. previous financial year includes Rs. 109 crore towards arbitration award realized for Hapur Moradabad (NH-24) project. Similarly, other income includes interest of Rs. 36 crore received on the above arbitration award. Hence the financial performance of FY21 is not objectively comparable to that extent with that of FY20.

Revenue of FY21 is Rs. 4,925 crore and EBITDA is Rs.673 crore.

The EBITDA margin for FY21 is 13.7%.

Profit of FY21 is Rs. 362 crore, which works out to 7.35%.

I'll now take you through Consolidated Financials for quarter ended 31stMarch 2021.

Consolidated revenue of Q4 FY21 is Rs. 1,864 crore as compared to Rs. 1,347 crores in Q4 of FY20, registered a growth of 38%.

The consolidated EBITDA for 4TH quarter of FY21 is Rs.420 crore which grew by 42% as compared to Rs.295 crore for 4TH quarter of the last year.

The EBITDA margin for Q4 FY21 is at 22.5% as compared to 21.9% for Q4 FY20.

The consolidated PAT for Q4 FY21 is Rs. 150 crore as compared to Rs. 90 crore in 4TH quarter of the last year.

Now moving on to Consolidated Financial Highlights for full year ended 31stMarch 2021.

The financial performance for FY21 is not comparable to FY20 due to arbitration award realized for Hapur Moradabad (NH-24) project during 2ND quarter of FY20 as mentioned earlier.

Consolidated revenue of FY21 is Rs. 5,788 crore whereas consolidated EBITDA is Rs. 1,418 crore.

The EBITDA margin for FY21 is 24.5%.

Consolidated PAT for FY21 is Rs. 493 crore which works out to 8.5%.

ON THE STANDALONE BALANCE SHEET SIDE,

As on 31ST March 2021 our net working cycle is 51 days as compared to 57 days as on 31ST March 2020.

On standalone basis our net worth is Rs.2,908 crores as on 31ST March 2021 whereas entire standalone debt of Rs. 399 crores is equipment finance debt.

As on 31ST March we do not have any working capital loan.

The total cash and bank balance as on 31ST March 2021 IS Rs. 788 crore.

We have a net cash of Rs. 389 crore.

Net debt to equity is 0.14 times.

During FY21, we have incurred capex of Rs. 173 crore. The gross block as on 31ST March 21 is RS. 1,267 crores

On consolidated basis our networth is Rs. 3,053 crores and total debt is RS. 4,188 crores as on 31ST March 2021. The total cash & bank balance including current investments is Rs. 1,402 crore.

Net debt to equity is 1.37 times.

With this, we now open the floor for Question & Answer.

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.

Mohit Kumar: My first question is what is your expectation for FY22 revenues and margin? Do we expect any moderation in margin given the sharp rise in cement and steel prices?

D.K. Maheshwari: As regards the revenue growth, we are expecting 20% growth in FY22as compared to FY21 but in the growth we are not considering the impact of COVID-19 say third wave but we are hopeful that top line of FY22would be better thanFY21.

Mohit Kumar: The margin given the sharp rise in input prices?

D.K. Maheshwari: As regard to EBITDA margin, we are expecting 13.5% to 14%

Mohit Kumar: I think we were in talks to monetize our HAM portfolio or a part of HAM portfolio. Do you expect this we can close some of the deal in this particular fiscal year?

D. K. Maheshwari: We are in discussions with two interested investors andwe are expecting thatbefore the end of FY22 this should be finalized, if we get minimum expected valuation.

- Mohit Kumar:** When are we expecting the appointed date for the Uttar Pradesh Jal Jeevan Mission?
- D. K. Maheshwari:** Actually, out of five projects, for one project we have already received Appointed Date and work is progressing and for the remaining four projects, DPRs are under preparation. As soon as the DPR are approved, which we are expecting in next 2 months, we will get the Appointed Dates for commencing the execution.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** My first question was now since we have four projects which are already achieved the PCOD. So, are we looking at refinancing these projects at lower rate?
- D. K. Maheshwari:** Yes, we can go for refinancing in case if we get a reduction in ROI vis-à-vis the existing ROI.
- Parikshit Kandpal:** Then what kind of range that we looking at? Will it be in the range of about 7%-7.5% or more towards like 8%?
- D. K. Maheshwari:** It should be around that.
- Parikshit Kandpal:** My second question was on the overall the SPV debtors. So out of the total receivables as of now how much we need SPV debtors?
- D. K. Maheshwari:** Out of the Rs. 839 crores, SPV debtors are Rs. 559 crores. It has reduced from 77% in March '20 to 66% in March '21.
- Parikshit Kandpal:** What is the pending mobilization advance from NHAI on the balance sheet?
- D. K. Maheshwari:** Pending Mobilization Advance from NHAI on 31st March 2021 was Rs. 255 crores
- Parikshit Kandpal:** This is only for HAM or is it total? I was asking total NHAI advance, total mobilization advance.
- D. K. Maheshwari:** It is almost for the HAM projects only
- Parikshit Kandpal:** Just lastly on the deals as you said you have already started talking to the prospective investors. Who will be doing the O&M here and what kind of discounting rates the markets are currently receive at, so is that early teens kind of discount rates? Do you see the scenario that where at least we will try to get some trend into the book value of the investor equities? If you just can touch upon on that?
- D. K. Maheshwari:** Actually, valuation part is under discussion with the interested investors and we are expecting that within few months, we would be able to finalize the valuations and thereafter financial, technical and legal Due diligence would be commenced.
- Moderator:** The next question is from the line of Ashish Shah from Centrum Broking.

- Ashish Shah:** In water projects just wanted to clarify, which is the one project where we have got the appointed date and where it is pending? Just to get the name of the projects?
- Yogesh Kumar Jain:** We have received appointed date for construction of Haraulipur Group of Villages Water Supply Scheme, which is surface water cum piped ground water supply scheme in district Hamirpur. The construction cost of project is Rs. 242 crores.
- Ashish Shah:** This we received in Q4?
- Yogesh Kumar Jain:** Yes.
- Ashish Shah:** The other we are saying that in 2 to 3 months, we should be getting the start dates for the other projects especially the big one of Rs. 2,475 crores?
- Yogesh Kumar Jain:** Devipatan division, Bareilly division, Moradabad division, Aligarh division, we are expecting within 2 months.
- Ashish Shah:** This AP order in our order book has been classified as a part of the main order book where appointed date has been received. Is there a progress on the ground because there is some issue between AP and Telangana on some of these water and canal and irrigation projects? What is the status on ground of the canal project?
- Yogesh Kumar Jain:** The canal project already started and the work is going on.
- D. K. Maheshwari:** We have already received the appointed date for the canal project.
- Ashish Shah:** On the consolidated basis, we are holding a very high amount of cash around Rs. 1,400 crores. How much of the SPV cash is available for use for us and how much is locked in as a DSCR or something like that?
- D. K. Maheshwari:** As against the total cash and the bank in consolidated position is Rs. 1400 crores, out of that Rs. 800 crores around is on standalone. Remaining Rs. 600 crores of cash and bank balance is mainly because of DSCRA balances and the margins we have given.
- Ashish Shah:** It is not available. Basically the Rs. 600 crores of all the SPVs put together is not available for use for the parent company, correct? It is a locked with the banks for some commitments or margin?
- D. K. Maheshwari:** Right.
- Moderator:** The next question is from the line of Bharani Vijayakumar from Spark Capital.
- Bharani Vijayakumar:** In the order book mentioned of Rs. 11,648 crores; what are the irrigation and water supply projects present in that order book and what are the names of it?

- D. K. Maheshwari:** In Rs. 11,600 crores, Rs. 275 crores water project is there and Rs. 1,000 crores is for canal project.
- Bharani Vijayakumar:** What is the progress there? Both just started or whether the Rs. 1,000 crores is still the same number as the original project cost of the irrigation project?
- Yogesh Kumar Jain:** Yes, just started. We have received first payment for Haraulipur water project.
- Bharani Vijayakumar:** In the L1 orders, you are mentioning Delhi-Vadodara and the water supply projects of Rs. 2,475 crores plus another Rs. 950 crores. Of all these projects when do we expect starting of the execution?
- D. K. Maheshwari:** For balance water projects, we are expecting appointed dates in next 2 months because DPRs are under preparation. For Baroda two projects, we have already received the appointed dates in the months of April & May. As on date only four water projects appointed dates are pending.
- Bharani Vijayakumar:** On bookkeeping question. On entire FY21 basis what was our order inflow overall?
- D. K. Maheshwari:** Order inflow in FY21 was Rs. 7,677 crores.
- Bharani Vijayakumar:** Final question on the order books split. In your presentation, you have given other projects has Rs. 4,473. Can you give like project wise split of that number like how much was Chakeri-Allahabad, how much was Jhansi-Khajuraho like that?
- D. K. Maheshwari:** In Aligarh-Kanpur Package-V is Rs. 1,651 crores, then Unnao-Lalganjis Rs. 1,371 crores, Jagdishpur-Faizabad is Rs. 1,219 crores, then Meerut-Nazibabad Rs. 1,115 crores, Challakere Rs. 872 crores, Chakeri-Allahabad is Rs. 766 crores, Nagpur-Mumbai is Rs. 552 crores, Purvanchal Package-V is Rs. 365 crores, Purvanchal Package VI is Rs. 347 crores, Nagina-Kashipur is Rs. 305 crores, Jhansi-Khajuraho is Rs. 199 crores, Bhojpur-Buxaris Rs. 156 crores, Chitradurga is Rs. 121 crores, Koliwar-Bhojpur is Rs. 157 crores and Jhansi-Khajuraho Package-II is Rs. 71 crores.
- Moderator:** The next question is from the line of Vibhor Singhal from Phillip Capital.
- Vibhor Singhal:** My question was mainly on the order book strategy going forward. For the last few months, we have not won any HAM project despite or post NHAI giving out a lot of projects in the month of April and May. Of course, our order book is very strong at 16,000 crores. What is our strategy going forward? Are we going to bid for more water and the Jal Jeevan mission projects, if they come in the states of UP-MP or neighboring state or we have submitted other bids also for the HAM projects and we should get more EPC-HAM projects from NHAI?

- Yogesh Kumar Jain:** We have already submitted 11 EPC projects bids for a total estimated cost of around Rs. 4,500 crores and 3 HAM projects costing around Rs. 3,500 crores. We are expecting around Rs. 7,000 crores to Rs. 8,000 crore worth new projects in FY'22.
- Vibhor Singhal:** You are expecting 20% growth in top line. That is the kind of guidance you mentioned.
- D. K. Maheshwari:** Yes, however at this point of time we don't know what would be the impact of third wave of COVID19.
- Vibhor Singhal:** What is the total gross debt at the standalone level in March '21?
- D. K. Maheshwari:** Standalone gross debt is Rs. 399 crores that purely for term loans taken for purchasing of the equipment.
- Vibhor Singhal:** Rs.399 crores was the debt and Rs. 788 crores was the cash. So net cash we have Rs. 389 crores, right?
- D. K. Maheshwari:** Rs. 389 crores, yes.
- Vibhor Singhal:** Just wanted to check on this but apart from these NHAI-HAM-EPC projects and the water projects that we are looking in Jal Jeevan mission. Are we looking for any other projects so like we took this canal project in AP? Are there any other large projects that we are looking to bid for over in the different parts of the country not just UP and the neighboring areas but in other places and other segments?
- Yogesh Kumar Jain:** No; as of now we are focusing on bidding projects only highway sector.
- Vibhor Singhal:** Any other CODs that we are expecting for HAM projects this year?
- D. K. Maheshwari:** This month we have received PCOD of three projects and in total we have already received OCOD for four HAM projects and for one project we are expecting in the month of December 2021, that is JKP I
- Moderator:** The next question is from the line of Jiten Rushi from Axis Capital.
- Jiten Rushi:** Can you just give the toll numbers for the BOT project including Ghaziabad-Aligarh?
- D. K. Maheshwari:** Fourth quarter MP Highway were Rs. 13.4 crores and Kanpur-Ayodhya was Rs. 114 crores, Kanpur highway was Rs. 29.6 crores, Narela was Rs. 11.8 crores, Bareilly-Almora was Rs. 13.5 crores and Raebareli-Jaunpur was Rs. 32.16 crores and Ghaziabad-Aligarh was Rs. 59.4 crores. This quarter there was a growth of 20% as compared to fourth quarter of last year.
- Jiten Rushi:** In terms of execution; what was the status in April-May? We must be facing issues in terms of labor and so was the execution level as compared to the pre-COVID levels?

- D. K. Maheshwari:** There was a moderate impact on the execution due to the COVID19 second wave in April-May
- Jiten Rushi:** We can safely assume not much impact in the execution in Q1.
- D. K. Maheshwari:** There would certainly some be impact in Q1
- Jiten Rushi:** In terms of the order backlog, if you can give the order backlog for Aligarh-Kanpur the older HAM project, not the Package-V, the earlier package.
- Yogesh Kumar Jain:** That is almost 99% completed, and we have received the PCOD.
- Jiten Rushi:** Lakhimpur also work is over?
- D. K. Maheshwari:** Lakhimpur is also almost completed.
- Jiten Rushi:** On the other questions, equity investment as you said, balanced requirement so can you give us the breakup of the equity investments to be made in next 2 to 3 years?
- D. K. Maheshwari:** Actually, in all 11 HAM projects, we require around Rs. 1460 crores equity. Out of that Rs. 600 crores we have already infused till March. Around Rs. 860 crores equity is required to be infused in the next 2-3 years, which can sufficiently be from our internal cash accruals.
- Jiten Rushi:** Can you give us the break-up? In FY22 how much you will invest '23 and '24 if possible?
- D. K. Maheshwari:** In FY22 we require around Rs. 350 crores, in FY23Rs.319 crores and in FY24 Rs. 300 crores. These may vary depending on when we take the disbursement, to maintain the debt-equity ratio we infuse the equity accordingly.
- Jiten Rushi:** There was one article on the GST which will be applicable on the annuity payments. So far, the GST was exempt on the annuity payments. There was the article also and there was a circular from NHAI. So any thought on that how you will receive the annuity payments further? You will receive the full payment or you will get net of GST and that would be some extension in concession period to compensate for the GST. Any thought on that?
- Bhupinder Sawhney:** Now these contracts which were being classified as annuity contracts, it is now clarified that these are construction contracts and GST would be applicable on total value of contract during the construction period only. But in case GST is payable by NHAI, so as far as payment is concerned, we are covered but when the payment is to be made for which still NHAI's clarification required, for which we are waiting, that when this GST would be paid. In future we would be taking care of all that cost which is extra but in past contracts we are covered by NHAI guidelines that they need to pay us.
- Moderator:** The next question is from the line of Rushabh Shah from USICS Investment Advisory.

- Rushabh Shah:** I just had a question. I'm looking at the cash flow statement and I'm noticing that, the operating cash flow it has been through a sharp decline this year as compared to the previous year. So, could you please tell me the reasons behind that?
- D. K. Maheshwari:** It is mainly because of the use of working capital in this year as compared to last year, as you would see the cash flows.
- Rushabh Shah:** Another question is, considering the government spending and the infrastructure sector in UP and MP belt what are your future expectations for future orders?
- D. K. Maheshwari:** Future orders in FY22, we are expecting around Rs. 8,000 crores
- Rushabh Shah:** One more last question. What is the bottom-line margin that you are expecting for the FY22?
- D. K. Maheshwari:** EBITDA margins we are expecting around 13.5%
- Moderator:** The next question is from the line of Shrey Pujari from Kotak IDF.
- Shrey Pujari:** Most of my questions have been answered. Just had query if you help me with that, wanting to know what would be the physical progress for your HAM projects, as you mentioned for the three projects have received PCOD apart from that if you would help with the physical progress as on March for the other projects as well?
- D. K. Maheshwari:** Actually, the remaining two projects are Jhansi-Khajuraho package 1 and Chakeri-Allahabad. JKP-1, project, we are expecting completion by December 2021 and in case of Chakeri, we are expecting to complete it by end of this financial year.
- Shrey Pujari:** The other projects basically Jagdishpur-Faizabad, Aligarh-Kanpur these have received the appointed recently only, right?
- D. K. Maheshwari:** Yes, but work has been started in all these new HAM projects.
- Moderator:** The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities.
- Parvez Akhtar Qazi:** Two questions from my side. First is, what are thoughts on the competitive intensity for the various segments where we are bidding going head and second, what is our expectation on the CAPEX and Tax rate going ahead?
- D. K. Maheshwari:** CAPEX we are expecting Rs. 125 crores in FY22 and we are expecting a tax rate of 28.5% in FY22.
- Parvez Akhtar Qazi:** And about the competitive intensity?
- Yogesh Kumar Jain:** It is you can say moderate to high.

- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** On the Aligarh-Ghaziabad expressway deal if you can explain to us, how much is the inflows you are expecting and by what time what stage the deal is currently and when do you expect the inflows?
- D. K. Maheshwari:** Aligarh-Ghaziabad we have already signed the share purchase agreement with Cube Highway on 1st of April. Then we moved to bankers, there are 10 bankers and we have received the NOC from all the 10 bankers. We have approached NHAI and by the end of August'21, we are expecting that we will receive the change in ownership approval from NHAI. The deal should be finalized by September'21.
- Parikshit Kandpal:** So how much is the consideration you are expecting because last time I remember you were touching close to about Rs. 320 crores of inflows, so how much will be that number this time?
- D. K. Maheshwari:** Actually, at this point of time we can't tell the exact amount because we have to receive the payments from NHAI at the time of final COD and we will receive the valuation from Cube Highway accordingly but we are expecting that there should not be any significant impairment in the value.
- Parikshit Kandpal:** Total how much is the investment on which you are not expecting any impairment?
- D. K. Maheshwari:** Total investment including equity, unsecured loan and EPC is around Rs. 400 crores.
- Parikshit Kandpal:** So, on this you are not expecting any impairment, so at least base valuation should be closer to about Rs. 400 crores on a worst case.
- D. K. Maheshwari:** Actually, it will on the amount that is expected to be received from NHAI.
- Parikshit Kandpal:** And how much is the claim you have basically applied for?
- D. K. Maheshwari:** Discussions are going on.
- Parikshit Kandpal:** And just lastly on the Ganga Expressway project Yogesh sir can you just highlight as what is the update on that front, bidding and at what stage of bidding is there?
- Yogesh Kumar Jain:** Actually, Ganga Expressway comprises 4 BOT toll projects of 594 kilometer long six-lane access control Greenfield as announced by UP Government, that is costing around Rs. 22,000 crores. At present we are analyzing the the position would clear going forward.
- Moderator:** The next question is from the line of Mohit Kumar from DAM Capital.
- Mohit Kumar:** My question is the interest rate bank charges for FY21 came down significantly compare to FY20, how should we think about interest rate bank charge in FY22, will it increase or back to FY20 levels or do you think this level will continue?

- D. K. Maheshwari:** If you compare with FY20, financial expenses have been reduced from Rs. 114 to 77 crores, that is mainly because of the mobilization advance we have taken for Nagpur-Mumbai at 12% interest bearing, which was since repaid. So presently as in March, we were having only Rs. 255 crores advance from the department for HAM projects which are at the rate of 4.25%. We are not taking the advance in EPC projects from NHAI or other authorities, which are at 8 to 10% interest rate. It can be seen that the interest of mobilization advance was 53 crores last year and this year it was only Rs. 21 crores.
- Mohit Kumar:** What are the charges for the guarantee we are paying right now in the sense for the performance guarantee and all for our order book, rough numbers?
- D. K. Maheshwari:** Around Rs. 16 crores
- Mohit Kumar:** Lastly, are you looking the bid on metro, is metro completely not in our scope of things?
- Yogesh Kumar Jain:** As of now, we are not looking at any metro project.
- Mohit Kumar:** Elevated section particularly.
- Yogesh Kumar Jain:** We are not bidding metro projects because the competition is very high in the metro sector.
- Moderator:** The next question is from the line of Vibhor Singhal from Phillip Capital.
- Vibhor Singhal:** Just one small book keeping question from my side, can you just give us the amount outstanding on two projects, Chakeri-Allahabad and Varanasi-Gorakhpur?
- D. K. Maheshwari:** Varanasi-Gorakhpur outstanding work was Rs. 57 crores and Chakeri-Allahabad it was Rs. 760 crores.
- Moderator:** The next question is from the line of Jiten Rushi from Axis Capital.
- Jiten Rushi:** My question was relating to the bonus issue supposed to receive for one of the projects like Aligarh-Moradabad, so we have not so far received the bonus. Any issue with that project for the bonus?
- D. K. Maheshwari:** We are expecting that it should be received by December '21 as it is at HO level of NHAI.
- Jiten Rushi:** So that is will be around Rs. 11 crores to Rs. 12 crores?
- D. K. Maheshwari:** Around Rs. 13 crores.
- Jiten Rushi:** On the book keeping side, can you give me the fund based and non-fund-based limit and utilization and the retention money and unbilled revenue if any as on March?
- D. K. Maheshwari:** The fund-based limit utilization is zero.

- Jiten Rushi:** What will be limit?
- D. K. Maheshwari:** Rs. 1,000 crores.
- Jiten Rushi:** And non-fund based?
- D. K. Maheshwari:** Limit is of Rs. 5,000 crores and the utilization is around Rs. 2,800 crores.
- Jiten Rushi:** And the retention and unbilled revenue if any?
- D. K. Maheshwari:** Retention will be around Rs. 200 crores.
- Jiten Rushi:** And unbilled revenue?
- D. K. Maheshwari:** Unbilled it is not significant.
- Jiten Rushi:** Any ongoing arbitration other than Ghaziabad-Aligarh for claims in terms of value and number of projects, can you tell me?
- D. K. Maheshwari:** Arbitration is going on in 3 projects.
- Jiten Rushi:** What would be the value for arbitration?
- D K Maheshwari:** We will check and come on this.
- Jiten Rushi:** Are these with NHAI or non-NHAI?
- Yogesh Kumar Jain:** Major part with NHAI.
- Jiten Rushi:** In terms of the water projects so we would be executing the 100% portion in the JV's. So we should take 100% order backlog in the water project or it will be pro-rata on the order backlog?
- Yogesh Kumar Jain:** PNC's share is 95%
- Jiten Rushi:** So, we should be taking pro-rata in the order backlog?
- D. K. Maheshwari:** We, are taking only 95%.
- Jiten Rushi:** So, the value which you have mentioned in the presentation is the full project value and your share will be 95%?
- D. K. Maheshwari:** Yes, 95%. Rs. 275 crores we have taken is 95%.
- Moderator:** The next question is from the line of Deepak Mehta an individual investor.

- Deepak Mehta:** My question is around for the future we are looking for growth in revenue or profitability you want to focus on?
- Yogesh Kumar Jain:** We have sufficient order book around Rs. 17,000 crores, so we will not compromise with the profit margins just for the sake of order book expansion .
- Deepak Mehta:** And how is the cost factor in near term or in next 2 to 3 years because all the commodities and inflation is up right now and some color you can throw.
- D. K. Maheshwari:** As already told earlier that we will consider the EBITDA around 13.5%. We will not compromise with the margins for taking the orders.
- Deepak Mehta:** Do you think that all the solar infra where our company can also participate in the bidding and all in the future?
- Yogesh Kumar Jain:** We have not bid any solar project.
- Moderator:** The next question is from the line of Jiten Rushi from Axis Capital.
- Jiten Rushi:** My question was regarding the personalized rapid transit project in the Haridwar city. It was on the PPP model and we were declared the lowest bidder. So, are we going ahead with the project or the project has been cancelled?
- Yogesh Kumar Jain:** We have not submitted any bid for this project; it was just an EOI. The project is on hold because we were only the applicant.
- Jiten Rushi:** So, are we looking to bid for similar projects in future like such projects or we would be focusing only on roads and water right now?
- Yogesh Kumar Jain:** We are focusing on roads and water sectors only.
- Mohit Kumar:** And no metro also, elevated also?
- Yogesh Kumar Jain:** Yes, as of now.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Shravan Shah for closing comments.
- Shravan Shah:** Just one clarification, how much early completion bonus are we expecting in Nagpur and Purvanchal both the packages?
- D. K. Maheshwari:** Actually, as of now we are expecting disbursement of bonus for Aligarh-Moradabad only.
- Shravan Shah:** And no bonus in Mumbai-Nagpur and Purvanchal?

Yogesh Kumar Jain: We are expecting, but execution of these projects is still going on, we cannot say any specific time or amount, as of now.

Shravan Shah: I thank you the management of PNC for giving us the opportunity to host the call and also thank all the participants. Sir if you have any closing comments.

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

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