



“PNC Infratech Limited  
Q2 FY '24 Earnings Conference Call”  
November 01, 2023

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**MODERATOR:** **MR. PREM KHURANA – ANAND RATHI SHARE AND STOCK BROKERS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the PNC Infratech Limited Earnings Conference Call hosted by Anand Rathi Share and Stock Brokers.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participants 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 star and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prem Khurana from Anand Rathi Share and Stock Brokers. Thank you, and over to you, sir.

**Prem Khurana:** Good afternoon, ladies and gentlemen. On behalf of the Anand Rathi Share Brokers, I'm pleased to welcome you all on PNC Infratech Limited Q2 FY '24 and H1 FY '24 Earnings Conference Call. We have with us the Managing Director of the company, Mr. Yogesh Jain, along with the senior management team. We will begin with the opening remarks from the management, followed by interactive Q&A session.

Thank you, and over to you, sir.

**Yogesh Jain:** Good afternoon and Season's Greetings to everyone. On behalf of PNC Infratech Limited, I extend a very warm welcome to everyone for joining us today on this call.

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

We have uploaded the financial results and Investor Presentation on the Stock Exchanges as well as Company's website for your reference.

Initially, I would like to share key updates in the industry with you, followed by key operational developments of the Company and highlights of financial performance during Q2 of FY24 and H1 of FY24, post which we will be happy to answer your queries.

- ✓ The target set for highway construction in FY24 is higher than FY23 as it stands at 13,800 kilometres against 10,331 km constructed in FY23.
- ✓ However, highway construction experienced a significant decline during the month of September 23, with only 371 route kilometers completed during the month, essentially due to the active monsoon and persistent challenges in getting the vacant ROW and removal obstructions timely for uninterrupted construction.

- ✓ Industry expects availability of vacant and long stretches to maximum extent at the very beginning of project execution for uninterrupted construction and progress to meet the targets.
- ✓ When it comes to award of new projects, though an ambitious target of 12,500 km length of new highways set for the year FY24, by MoRTH, NHAI and NHIDCL together with half of the set target to be met by NHAI, awarding activity has been very subdued during the first half of FY24.
- ✓ Many of new highway projects on both EPC and HAM modes scheduled for bidding during the first half of FY24, have been shifted to second half of FY24.
- ✓ Even bid due dates set for quite a few new projects in October 23 have also been postponed to November and beyond.
- ✓ Industry expects that the government authorities will resolve land acquisition and other issues quickly, thus making fronts available for bidding and construction of proposed new projects to achieve their highway awarding target of 12,500 km before end of the FY.
- ✓ Given the target, NHAI alone is expected to award new projects worth over Rs.1.50 lakh crores before end of the current financial year. Out of which, bids for projects worth over Rs. 90,000 crore already floated.
- ✓ On brighter side, according to Crisil's Infrastructure Year Book 2023, "India's infrastructure spending will double to Rs 143 lakh crore during the period between 2024 and 2030, compared to amount spent during the period 2017-2023.
- ✓ According to the industry sources, the government intends to expedite monetization of operational highways in the coming years in order to garner funds about two trillion rupees.
- ✓ Similarly, in the next three years, NHAI is expected to construct up to 4,500 kilometres of new highways on an average in a year and monetize these assets through InvITs and TOT model.

Now coming to the updates on the company:

- ✓ Our company has received provisional completion certificate for Four laning of Mitrasen to Kanpur section of NH-91 in the state of Uttar Pradesh on Hybrid Annuity Mode, which is known as Aligarh Kanpur Package V on 4<sup>th</sup> August 2023, thirty eight days ahead of schedule and became eligible for early completion bonus.
- ✓ Further, Company also received completion certificate for Package 29 of eight lane Delhi-Vadodara access-controlled greenfield alignment expressway (NH-148N) executed on EPC Mode under Bharatmala Pariyojana
- ✓ Company's one of the wholly owned subsidiaries, PNC Kanpur Highways Limited, Concessionaire for Kanpur-Kabrai BOT Toll Project has repaid the term loan in full as such there is no debt outstanding.

- ✓ Company's strong balance sheet and financial prudence result constant credit rating upgrades in sustainable manner, which enables company to secure debt at competitive rates.

Now, moving on the operational and financial performance of the company:

- ✓ The company is currently having 27 BOT-Toll, BOT Annuity and HAM assets
- ✓ Out of these 27 fund based projects, company has 22 HAM projects with an aggregate Bid Projects Cost of Rs. 28,673 crores.
- ✓ Out of 22 HAM projects, company achieved PCOD/COD for 7 projects, 11 projects are under construction and 4 projects are under development.
- ✓ With regard to equity investment, the cumulative requirement for HAM projects is about Rs. 1,100 crores.
- ✓ Till 30<sup>th</sup> September 2023, we already infused Rs.1,845 crores in HAM projects and the remaining equity is to be invested over the course of the next 2 to 3 years.
- ✓ The internal accruals that would be generated over the next two to three years should be adequate to meet the said equity investment requirements.

Now, moving on to our order book,

- ✓ As of 30<sup>th</sup> September 2023, our unexecuted order book stands around Rs.18,000 crores, which includes EPC value of about Rs. 4,400 crore of the four new HAM projects for which concession agreements have already been signed.
- ✓ Out of the above total unexecuted order book, highway & expressway contracts contribute around 72%, while Water & Irrigation projects contribute around 28%.
- ✓ The company has achieved notable progress in Rural Drinking Water Projects under the Jal Jeevan Mission (JJM) during the past two quarters.
- ✓ In the current financial year, till 30<sup>th</sup> September 2023, company has booked a revenue of Rs. 818 crores in water segment and overall, till date company booked a total revenue of Rs. 1850 crore under this segment.

Revenue booked during the quarter ending 30 September'23 in water segment was Rs. 397 Crores.

**Now I would present the results for the quarter ended SEPTEMBER 30, 2023 and H1 of FY24.**

Before discussing financial performance, I would like to share that during H1 of FY23, the company received an early completion bonus of Rs. 37.02 crores, which was included in the revenue of H1 of FY23.

We have moderated the above in key financials of Q2 and H1 of FY23 to make the financial performance Q2 and H1 of FY24 comparable with the corresponding periods.

**Standalone Quarterly Result:**

Revenue of 2<sup>nd</sup> quarter of FY24 is Rs. 1,693 crore which is higher by 8% as compared to Rs. 1,561 crore in 2<sup>nd</sup> quarter of FY23.

The EBITDA for the 2<sup>nd</sup> quarter is Rs. 228 crore which is higher by 10% As compared to Rs. 207 crore in 2<sup>nd</sup> quarter of FY23. The EBITDA margin for the 2<sup>nd</sup> quarter of FY24 is 13.4%.

The profit for the 2<sup>nd</sup> quarter of FY24 is Rs. 140 crore as compared to Rs. 131 crore in the 2<sup>nd</sup> quarter of FY23, A growth of 7% ON YOY basis. The PAT margin for the 2<sup>nd</sup> quarter of FY24 is 8.3%.

**Standalone Half Yearly Result:**

The standalone revenue for H1 FY24 is Rs. 3,554 crore which is higher by 8% as compared to Rs. 3,282 crore in H1 FY23.

The standalone EBITDA of H1 FY24 is Rs. 473 crore which is higher by 10% as compared to Rs. 428 crore in H1 FY24.

The standalone profit for the H1 FY24 is Rs. 296 crore as compared to Rs. 261 crore in the H1 FY23, with A growth of 14%. The PAT margin for the H1 FY24 is 8.3%

**Consolidated Quarterly Results:**

Consolidated revenue of Q2 FY24 is Rs. 1,911 crore as compared to Rs. 1,795 crores in Q2 FY23, with a growth of 6%.

The consolidated EBITDA for the 2<sup>nd</sup> quarter of FY24 IS RS. 400 crore as compared to Rs. 326 crores in Q2 FY23, with a growth of 22%. The EBITDA margin for Q2 FY24 is 20.9%.

The consolidated PAT for Q2 FY24 is Rs. 148 crore as compared to Rs. 132 crores in Q2 FY23, a growth of 12%. The PAT margin for the 2<sup>nd</sup> quarter of FY24 is 7.7%

**Consolidated Half Yearly Results:**

The consolidated revenue for H1 FY24 is Rs. 4003 crore which is higher by 5% as compared to Rs. 3,811 crore in H1 FY23.

The consolidated EBITDA for the H1 FY24 is Rs. 836 crore as compared to Rs. 808 crore, with a growth of 4%. THE EBITDA margin for H1 FY24 is 20.9%.

The consolidated profit for the H1 FY24 is Rs. 329 crore. The PAT margin for the H1 of FY24 is 8.2%

**ON THE STANDALONE BALANCE SHEET SIDE,**

As ON 30<sup>th</sup> Sept 2023, our net working cycle is 79 days as compared to 87 days as on 31<sup>st</sup> March 2023.

Our net worth on standalone basis is Rs. 4226 crores as on 30<sup>th</sup> Sept 2023 whereas total standalone debt is Rs. 395 crores.

The total cash and bank balance as on 30<sup>th</sup> Sept 2023 is Rs. 197 crore. We have a net debt of Rs. 197 crore. This translates to net debt to equity of 0.13 times.

**ON CONSOLIDATED BASIS**, our networth is Rs. 4,612 crores whereas total debt is Rs. 6,959 crores as on 30<sup>th</sup> Sept 2023. The total cash & bank balance including current investments is Rs. 802 crore. This translates to net debt to equity of 1.47 times.

**With this, we now open the floor for question and answer, Thank you.**

**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 ICICI Securities. Please go ahead.

**Mohit Kumar:** My first question is, do you still maintain the order inflow guidance for FY '24 given that NHAI order has been very muted, and we haven't seen any order inflow from the other segment?

**T. R. Rao:** See, guidance at earlier we said, same thing we are maintaining. Guidance for the FY '24 would be 10% to 15% growth over the FY '23. And since as our Managing Director has spelt out just now. As most of the project which were supposed to be bid out during the first half of the financial year '24 have been shifted to second half, the reason is best known to NHAI. So, we still expect up to INR10,000 crores new order inflow during the current financial year.

As huge number of projects are in pipeline. And already projects worth more than INR90,000 crores have been floated with their due dates staggering between 1, November and the 31, December. And further, bids are also expected to be bidded during the fourth quarter of the current financial year. So, we still maintain INR10,000 crores new orders before end of the current financial year.

**Mohit Kumar:** Are you seeing sir, that the BOT portion is increasing in the tender which are floated? My question is, to connect, are you seeing that the BOT share is increasing in the tender? And will you participate in those tenders, sir?

**Yogesh Jain:** You are talking about BOT toll?

**Mohit Kumar:** Yes, BOT toll.

**T. R. Rao:** No. As of now, the tenders which have already been floated by NHAI are our HAM as well as the EPC projects. We can say, 60% HAM and 40% EPC projects. So far, no BOT toll project has been floated by NHAI.

**Mohit Kumar:** And my last question is on the non-road order inflows, which are the segments which you're looking at? And are you seeing some activity because at H1, we haven't received any order. So, which are the activity or which are the segments you are looking at and which are the geographies?

**T. R. Rao:** See, on the non-road sector, as you know, we are already doing a project of INR6,800 crores into rural drinking water supply. And those projects are progressing well. We are looking at the same sector because of the synergy and the experience gained over last two year. Rural drinking water projects, we are looking.

Wherever these projects are funded by Government of India under Jal Jeevan Mission. Because there's a slight pause in some of the states which are going for a poll like Rajasthan, Chhattisgarh, Madhya Pradesh. So, we expect in this region, new projects in rural drinking water sector. Post-election process, so we expect some projects will come up for bidding, and we will pursue those opportunities.

**Moderator:** Thank you so much. The next question is from the line of Ashish Shah from JM Financial. Please go ahead.

**Ashish Shah:** Sir, the question is on the total receivables and unbilled on the water, JJM revenue that we have executed. So, if you can share what is the total amount of receivables and unbilled from that particular segment?

**D. K. Maheshwari:** As regard to receivables, debtor days is 91 days. And EPC side, outstanding is around INR1,000 crores and SPV is INR703 crores. Total debt amount is INR1,769 crores. Actually, the EPC part is mainly because of the water, about INR600 crores. And as against that, in the month of October, we have already realized more than INR300 crores.

**Ashish Shah:** Okay. And balance, sir, out of the INR1,000 crores receivable from EPC which you said, INR600 crores, you said is water. And the balance INR400 crores, would by and large be what sir?

**D. K. Maheshwari:** That's the EPC project, Delhi-Vadodara around the canal. Then MSRDC and small outstanding from MSRDC, Lucknow Ring Road, like that. There are no old outstanding projects.

**Ashish Shah:** Got it, sir. In water, is there any delay in getting the money, or we get on time? This is like in line with what the billing cycle should have been?

**T. R. Rao:** No. Water, we are getting the thing. Only the process is a bit lengthy when compared to highway and other this thing. Because the billing has to be done at each scheme level. Each Gram Panchayat level we have to do is, we have to write a separate bill. So, what is the large number of bills have to be generated. And then these bills are to be certified and then paid. So, there is a slight delay in the preparation and processing of the bill. Otherwise, the money is coming.

As Mr. Maheshwari said, as of 30th of September, more than INR600 crores money were due. And in October itself, we realized more than INR300 crores. Going forward in November and all, we'll be able to realize the entire amount. Then further billing will continue. So, the process is like that. But as such, there is no problem of funds. There is no problem in getting the payments. Only process is a bit lengthy.

**Ashish Shah:** Got it, sir. And what would be your target for water segment -- in terms of revenue for the financial year? I think earlier we have talked about the numbers upwards of INR2,000 crores or somewhere in that range?

**T. R. Rao:** Yes. We are intending the same in number, more than INR800 crores we already billed because of the monsoon and some flooding of some of the areas where it is completely subdued. The water execution will pick-up during the second half of the current financial year. So, we're still maintaining more than INR2,000 crores billing in FY '24.

**Ashish Shah:** Right. And last one before I get again in the queue, sir, what is the -- Yogeshji, if you can throw some light there in terms of the asset sale process? And are we on target to achieve a part of that process at least by March '24 as Devendra said?

**T. R. Rao:** The monetization -- you're talking about monetization. Our monetization is on track. Yes, last time we said, we entered into a non-binding term sheet with one of the prospective buyers who

have shown interest. And the due diligence process has already been completed. So, we are on the further course of action. So, we are on the track. We expect, we want that closure should happen before the end of the financial year, and we are working towards the same.

**Moderator:** Thank you very much. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Sir my question is, in this year, how much should be our bidding in the non-road segments till March '24 now?

**T. R. Rao:** As you mentioned, as of now, there are no projects on anvil in the non-road segment, particularly water, where we've got the synergy. So, we expect this will be floated post-completion of the election process for the four states, which are going on and before end of the current financial year. And other non-road sector also, we are looking at the opportunities.

So like metro rail and railway freight this thing and also in case of any irrigation projects that are coming up. We are looking at. We expect see as we said, we are expecting a new business worth of INR10,000 crores in the current financial year. So non-road sector may be around 15% to 20% of that we are targeting. So, we come to know only once these projects are floated out.

**Parikshit Kandpal:** Any other major jobs coming up in UP now and beyond the Ganga Expressways? From the state side, are you seeing any more tenders coming up either in roads or metro or anything, I mean?

**T. R. Rao:** No, no major project. Because these are the core sectors, these are metros and results these are the coming a road. So that has been very active. And we are not in any having any significant number of projects in other sectors.

**Parikshit Kandpal:** With regards to NHAI, I mean, we have seen, I mean maybe what will be your estimate that by, do you think by December, what is happens? It happens whether on Jan onwards as we move into election season. There won't be any major awards happening in the fourth quarter. So, whatever happens now, it happens in the next 1.5 months. Is it the right assumption?

**T. R. Rao:** No, no. if you see the past trend, major awards happened during the fourth quarter. You can see the trend over the last five to six years. So major awards have done to meet the targets during the fourth quarter. And the even, as I said, in the third quarter also now a large number of bids are lined up with the big due dates ranging from first week of November till end of December. So again, new bids are expected in the fourth quarter. Entire process should be over during the next five months. So, we are looking also half of target of 12,500 kilometres of new projects.

**Parikshit Kandpal:** So once a model code of conduct with -- so my assumption is that by budget session led by end of January, we have the budget. And then after that parliament will be adjourned at the time and then there could be more code of conduct, which may hit in. So, do you think that's a risk potentially in terms of this year awarding coming in, in the fourth quarter?



- T. R. Rao:** Yes. See, until end of January, we don't expect model count code of conduct will come into this play. Only we are expecting beyond February only. These next three months will be -- they'll be very active bidding activity. So, during three months, we are targeting projects. We identified the opportunities and we are targeting.
- Parikshit Kandpal:** Okay. Just last question on the monetization bid. So maybe, D. K. Maheshwari sir can answer that. In terms of readiness of the monetization process. So, we have already -- if our bidding is completed. So where do we stand in terms of NHAI approvals and lenders NOC -- so, I want to understand basically HAM project that we announced the deal. So how much time you think the money comes in if all these approvals are in place?
- T. R. Rao:** See, typically, you see we have to take approval from NHAI for the transfer of ownership as more than seven projects are there. The lock-in periods are over, only it's a six-month lock-in period in case of HAM project. So -- and the lenders also, we don't see any major delay in getting the approval. Approval should be there within in the range of three to four months actually. We should able to get that.
- Parikshit Kandpal:** And these seven projects, how much of equity investment? And how much of debt?
- T. R. Rao:** We are not workout. See, we identified the set a projects. We'll bifurcate and we'll share it individually we'll share up.
- Parikshit Kandpal:** I think earlier we were saying it's about INR1,700 crores, INR2,000 crores of equity.
- T. R. Rao:** Total debt INR6,900 crores.
- Parikshit Kandpal:** I asking you, total equity spent on put value of the equity invested in the projects evaluated for monetization. So, what was that number?
- D. K. Maheshwari:** Mr. T. R. Rao has already said that it is actually a total debt of all 12 projects around INR6,900 crores but it will be decided at the closing date. But it is outstanding on the day, number one. Secondly, regarding the equity also, has already informed in the last call that in all 12 projects, total equity we have included around INR1700 crores in all 12 projects.
- Parikshit Kandpal:** Okay. And we are evaluating the monetization of these all 12 projects. But I think Mr. Rao said that seven projects we are looking. But we'll confuse that as the seven...
- D. K. Maheshwari:** He told seven projects already we achieved the COD, and we don't take much more time to take the NOC from the NHAI because the six months already been completed. There was not to get more time lock in period has already completed.
- Parikshit Kandpal:** So are you monetarize the seven project immediately and all the money come for everyone else period gets -- come in. you will get part money and part will come after the completion of the six months, right?
- Management:** Yes, it came seven and more. It depends. On closing date.

- Moderator:** Thank you so much. The next question is from the line of Vasudev from Nuvama. Please go ahead.
- Vasudev:** Sir, my first question is, can you share that what is our current progress on the UP Jal Jeevan mission project and the Andhra irrigation project?
- T. R. Rao:** As we had mentioned, UP Jal Jeevan, we already completed more than INR1,800 crores for this thing work done by 30th of September, then its starts progressing and further also we have done now as I update more than INR2,000 crores what have already been completed. And this year, we are expecting billing over INR2,000 crores. And the remaining billing will be done in the next year and maybe some residual billing will be left at the end of FY'25. Otherwise, project is progressing as per the schedule.
- Vasudev:** Okay, sir. And what about the Andhra irrigation project?
- Management:** Irrigation project, because of the -- it's a canal system, from August onwards, the water is going into the canals. So as of now, the work is stopped. We'll resume once the water is receded in the canal system, maybe next calendar year. We have done around INR178 crores billing we have done.
- Vasudev:** Okay, okay. And next question is for the balance equity requirement, which will be infused, can you give the breakup how much would be infused in FY'24 and how much will be in FY'25?
- D. K. Maheshwari:** In FY'24, we have already infused INR592 in the first half. And in this remaining six months, we require hardly INR75-100 crores. In FY'25 - INR450. FY'26 - INR430. And total requirement as on date is INR1,095 crores.
- Vasudev:** Okay, sir. And sir, lastly, on the capex front, so if you can give how much has been done in Q2 and how much do we plan for the full FY'24?
- D. K. Maheshwari:** We have given the guidance of around INR100-120 crores in FY'24. And out of that in first half, we have only taken around INR27 crores, and within INR100 crores in FY'24, including INR27 crores.
- Moderator:** Thank you so much. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, just to understand clearly, so INR10,000 crores order inflow that we are looking at, we said 15% to 20% from the non-road. So, if I exclude so maybe INR8,000 crores, INR8,500 crores, we are looking in the road. So how one can look at it in terms of the EPC and HAM. Why I'm asking is considering the competition, particularly in the EPC and in the HAM also in recent one of the projects we have seen, though the value is more than INR1,500 crores, there is a significant competition.

The new players are taking at a much lower cost. So, in that sense, trying to understand how we are looking at HAM and EPC. And even if, let's say, we are able to get, are we confident to maintain about 13%, 13.5% EBITDA margin that we normally guide?

**T. R. Rao:**

Yes. As we mentioned, now NHAI had already floated highway projects about the INR90,000 crores. If you go by their estimated cost, two-third value of these projects are HAM, one third value of these projects are EPC. Typically, more than INR60,000 crores worth of projects are HAM projects and the INR30,000 crores worth of projects are EPC. So even if you -- as we are pursuing, so we expect in the same ratio of business inflow.

So at least 60% to 70% of the -- what we are expecting, INR8,500 crores award will be from HAM and the remaining from the EPC. We understand that the competition is more fierce in the -- in case of EPC when compared to HAM projects. Yes. We still endure to maintain 13% to 13.5% EBITDA in spite of the competition and other challenges.

**Shravan Shah:**

Okay, okay. Got it. So, for this year, definitely, we are looking at 10%, 15%. So, for to achieve that revenue growth, 10%, 15%, we need to do the much better execution. But if I broadly look at, let's say, if we get this INR10,000 crores and then broadly is a HAM. So, in terms of FY'25, how one can look at on the revenue growth front? Should we still able to do 10%, 15%? Or will it slow down?

**T. R. Rai:**

See, some clarity -- more clarity will emerge after the Q3 and the nine months, after completion of nine months, when we expect some new projects will come up, then more clarity will emerge. But we're able to maintain a decent growth in FY'25 also.

**Shravan Shah:**

Okay. Second, on the, sir, four HAM projects were appointed date is spending. So, there are two questions, when the appointed date to come. Last time we talked by March '24, the appointed date to come. And that EPC value right now in the presentation, we mentioned INR4,400 crores-odd versus last quarter, it was around INR3,750 crores-odd. So, there is a significant jump in EPC value of these four HAM projects where AD is yet to come. So, can you please explain?

**D. K. Maheshwari:**

Actually earlier, what we have given, that was INR3,700 crores without GST. And now this is INR4,400 crores is with 18% of GST. This is the difference only.

**Shravan Shah:**

So, for us, the revenue is without GST. So why we should be looking at without GST number only? Why we are selling the -- including GST number? Because for revenue, we book without GST.

**D. K Maheshwari:**

For this purpose, you are okay. But the financial model purpose, what we have given to the bankers and the means of finance, we are taking the debt considering the 18% of GST.

**Shravan Shah:**

Okay. So those are -- to put it simply, when we say including this, the order book, what we are talking is more INR7,800 crores-odd. So then in that sense, it should reduce by that INR500 crores, INR600 crores-odd. Okay. Got it...

**D. K. Maheshwari:**

Yes.

- Shravan Shah:** Yes. Second, in terms of this monetization just one clarity. Last time, we said the entire deal and including the cash flow we received by March, now we are seeing the deal to be completed by March. So, the cash to come in 1H of FY '25. Is it the way one can understand?
- T. R. Rai:** Yes, one can understand like that. But if we're able to close it by at least some set of projects, we are expecting that cash should come -- some part of cash will come in the current financial year. But anyhow, you want the latest by first quarter of FY '25.
- Shravan Shah:** Okay. Sir, I need all the data points of whatever is it remaining including project-wise order book. So first, on the balance sheet front, mobilization advance, retention money as on September. And then I will ask the project-wise order book?
- D. K. Maheshwari:** Retention of September is INR110 crores. And mobilization advance is crores is INR539 crores.
- Shravan Shah:** Yes. Project-wise order books, sir. First is Chakeri-Allahabad, what's the outstanding order book. Last time, it was INR34 crores-odd?
- D. K. Maheshwari:** About INR23 crores.
- Shravan Shah:** INR23 crores. Next is Challakere-Hiriyur?
- D. K. Maheshwari:** INR175 crores.
- Shravan Shah:** INR175 crores. Then Jagdishpur-Faizabad?
- D. K. Maheshwari:** Only INR37 crores.
- Shravan Shah:** INR37 crores. Aligarh-Kanpur Package 5?
- D. K. Maheshwari:** INR95 crores.
- Shravan Shah:** Unnao-Lalganj?
- D. K. Maheshwari:** INR168 crores.
- Shravan Shah:** INR168 crores. Meerut-Najibabad?.
- D. K. Maheshwari:** INR125 crores.
- Shravan Shah:** INR125 crores. Delhi-Vadodara Package 31?
- D. K. Maheshwari:** INR104 crores.
- Shravan Shah:** INR104 crores. Okay. Last time, it was INR100 crores. Is there increase in the scope of work?
- D. K. Maheshwari:** Changes in scope.
- Shravan Shah:** Okay. And the irrigation project value is how much?

- D. K. Maheshwari:** INR950 crores.
- Shravan Shah:** INR950 crores. Okay. Gaju Village- Devinagar bypass Package 1C?
- D. K. Maheshwari:** 1C has a INR400 crores.
- Shravan Shah:** INR400 crores, Okay. And Haryana Orbital Rail Corporation project?
- D. K. Maheshwari:** INR770 crores. It has not yet started.
- Shravan Shah:** Okay. The same value. Okay. Got it. Yes. Done. Thank you, sir and all the best.
- Management:** Thank you.
- Moderator:** Thank you. The next question is from the line of Deepesh Agarwal from UTI Asset Management Company. Please go ahead.
- Deepesh Agarwal:** Yes. Good evening, gentlemen. Sir, my first question is, if I see the water segment, the margins are quite healthy. But at the company level, margin is in the same threshold of 13%, 13.5%. It seems that road margins are trending downwards. What is the reason for weakness in the road margins? And is the transient in nature?
- D. K. Maheshwari:** Still road margin are around 13%. In overall water, it was around 15% in the second quarter. And Road was 12.8%. On an average, it is 13.45%. Road, the margins are within 13%, 13.25% or 12.80% here.
- Deepesh Agarwal:** Sir, what we see on the segmental -- the water margins are up -- higher by road by almost 400 basis points. So, as you were highlighting earlier, water margins will normalize as you scale up. So, would there be a pressure to the company-level margin?
- T. R. Rao:** This should not be -- see, as last time when compared to Q1, water margins now are getting stabilized. But at the same time, overall margins, there is no significant decline. So, we should be able to maintain the margins in the road sector also around 13%. So overall margin, maybe water, maybe slightly more than that. But the overall margin will be...
- D. K. Maheshwari:** On an average is 13.5%.
- T. R. Rao:** Whatever is the very significant reduction in this is transit in nature in the road sector, and there's nothing -- any concern about that.
- Deepesh Agarwal:** Sure. Sir, secondly, can you guide us on your diversification beyond Jal Jeevan Mission? Have you built a separate team for bidding for metro and the rail project. To one of the earlier participant asked the quantum of the projects you have participated beyond Jal Jeevan and water. Can you quantify on this?
- T. R. Rao:** See, we are there. Our team is working on the other sectors also, potential sectors where we find the synergy. As we said, the metro rail and other core sectors of projects, With these projects, we are pursuing and the dedicated team is working on the these opportunities, they're

scanning the opportunities and we'll be able to share because this a bit in proprietary in nature. We don't want to disclose ...

**Deepesh Agarwal:** So basically, sir, two years, three years down the line when JJM project awarding slows down, would you think that, we will have one or two more sectors which can offset that?

**T. R. Rao:** Yes. We are hoping. We are expecting.

**Deepesh Agarwal:** Sure. And sir, lastly, there are a lot of state projects on the flyovers, ring roads, especially in Maharashtra. Would we be also participating in those projects?

**T. R. Rao:** Yes. We submitted our request for qualification application for major EPC projects by MSRDC for the aggregate value of more than INR30,000 crores. That includes Pune ring road, Jalna-Nanded Greenfield Expressway and multimodal corridor. Now, we are doing this things. We are pursuing the projects that are at a state level. But normally, our preference at the state level would be the EPC. Not any fund-based project like BOT or HAM. At state level always, we look for EPC projects.

**Deepesh Agarwal:** Okay. Thank you.

**Moderator:** Thank you so much. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

**Jiten Rushi:** Yes. Good afternoon, sir. Thank you for taking my question. Sir, my first question is on the order inflow guidance, you have given INR10,000 crores, around INR8,500 crores in Roads and balance on non-roads. So hypothetically, if you miss the guidance this year, like last year also, we had received around INR4,000 crores, INR4,500 crores of inflows.

So, what kind of target would you chase for FY '25 to build your revenue growth, as you said, you are expecting growth of 10% to 15% revenue? And NHAI pipeline is assuming INR1 lakh crores, where you expecting INR8.500 crores, which is a say 8% share. It seems to be a tall task. So, what kind of hypothetically, we chase in terms of ordering process in FY '25?

**T. R. Rao:** See, to maintain the momentum of decent growth, see, order book this year, we are having a, say, INR10,000 crores new project. And similarly, for the FY '25 would be around INR12,000 crores. So, we'll be pursuing opportunities to secure in a new business around INR12,000 crores in FY '25.

**Jiten Rushi:** INR12,000 crores, we'll have a mix of 80%- 20% in terms of roads and non-roads, safe to assume?

**T. R. Rao:** Yes, that depends, how the opportunities will be unfolded in the non-road sector. We have to see. Because road sector, as NHAI is having plans of awarding more projects and this year itself they have a target of 12,500 kilometres. roughly translate into more than INR2 lakh crores of new projects. So, road sectors, we are more certain. In non-road sector, we have to see how the opportunities will be unfolded.

- Jiten Rushi:** Sir, there are some projects from north in UP also. Are they covered in those EPC projects? Tenders were out last month in September of...
- Yogesh Jain:** Yes. We are bidding for that.
- Jiten Rushi:** What would be the value, sir? Total of this? So, what is this value total submitted in UP for these north projects?
- Yogesh Jain:** We have submitted seven bids, six HAM and one EPC project. The total estimated value for this is around INR6,300 crores.
- Jiten Rushi:** This will get open probably by in a months time?
- T. R. Rao:** Within 15 days, I think this will be open.
- Jiten Rushi:** The monetization, as you said, HAM project will be huge PCOD. So, what we see is, we have invested around INR900 crores of equity and outstanding debt is around INR4,300 crores. So likely that, we can receive at least INR900 crores or at least 50% of it by end of this year in terms of proceeds? Or you said, it will get spill over in Q1 '25?
- T. R. Rao:** See, our effort to be there to some qualified projects, we will close it before end of the current financial year and realize the investment and the remaining projects in the Q1 of FY '25.
- Jiten Rushi:** Can you give toll revenue breakup, sir, for all the projects?
- D. K. Maheshwari:** Yes. Kanpur highway INR20 crores. Narela is INR14.25 crores.
- Jiten Rushi:** Which one, sir?
- D. K. Maheshwari:** Narela Industrial estate.
- Jiten Rushi:** Okay. Narela INR14.25 crores.
- D. K. Maheshwari:** Raebareli, INR32 crores.
- Jiten Rushi:** Okay. The annuity project.
- D. K. Maheshwari:** MP highway INR6 crores, INR5.7 crores.
- Jiten Rushi:** INR5.7 crores. That's it from my side. Thank you and all the best, sir. Thanks a lot.
- Moderator:** Thank you so much. The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited. Please go ahead.
- Uttam Srimal:** Yes, sir. Thanks for the opportunity. Sir, in case of these four projects where we have signed a concession agreement, when we are expecting to get AD for all these four projects HAM?
- T. R. Rao:** For all four projects we are expecting AD before completion of the current financial year, before 31, March 2024.

**Uttam Srimal:** Okay. And sir, you spoke about competitive intensity. So how is that competitive intensity there in case of larger projects? Because in the case of lower projects there are heavy competitive intensity. But in terms of larger projects, is it same or is it lower than -- compared to lower value project?

**T. R. Rao:** Certainly, in the projects of larger size and that too, in case of the HAM projects where the investment needs to be put, so the competition will be comparatively lesser than compared to smaller size and EPC projects.

**Uttam Srimal:** Okay. That's all from side and all the best.

**Management:** Thank you.

**Moderator:** Thank you so much. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.

**Vishal Periwal:** Yes, sir. Thanks a lot for the opportunity. Sir, on this revenue guidance of roughly 10% to 15-odd. I mean, just wanted to get more granular detail. With a 10% kind of growth and that is one line item. And then second is, like if you do INR2,000 crores revenue in our water supply projects, then roughly like we have to do a flattish sort of growth in the EPC for the roadside of project.

But if you look at in the last two-odd quarters, the revenue in the EPC for the roadside, it has been declining anywhere between 10% to 12% odd. So, what could stabilize this revenue decline in the second half? Any new project that is coming up that will -- if you can clarify that?

**T. R. Rao:** Actually, if you see the road projects, the decline in the first half is more optical. Because last year, we were booking at the Toll revenue from the EPE, Eastern Peripheral Expressway under our standalone financial. So that project got over last year. Even if we are at a consolidated level also, we are booking the revenue for the OMT projects of Kanpur highway, Kanpur-Lucknow-Ayodhya. That also got completed and projects vested back to NHAI in November last year. So otherwise, we don't see any decline -- significant decline in the road.

But also, the roads have a typical cycle. Sometimes these projects are at a very peak, and where the work donewill be more. Whereas in the current financial year, the seven new projects, we have started. So, during the initial period, because of the low value items like earth work and all, they'll be there. And going forward, then we started executing the high-value items of worth. So, this road sector also will pick up, and there should not be any decline when compared to FY '23.

**Vishal Periwal:** Okay. And but the revenue growth estimate that we are having, it is not dependent upon the AD for the four projects? That is not included in...

**T. R. Rao:** Yes, as of now, we are not considering those new four new projects immediately. So, if any income is generated by the four new HAM projects, that will be slightly -- slight growth in the -- further growth in the revenue.



- Vishal Periwal:** Sure, sir. That's all from my side. Thank you very much.
- Moderator:** Thank you so much. The next question is from the line of Prem Khurana. Please go ahead, sir.
- Prem Khurana:** Thank you for taking my question, sir. Two questions only. So, one was -- we've made some announcement suggesting that you're claiming some arbitration claims from NHAI under "Vivad Se Vishwas" Scheme. So, what is the status there? Because there's this time limit, right, where you settle it by? We've not have had any announcement as to this effect that these have been approved or not. So, if you could clarify on the claims that you filed under this "Vivad Se Vishwas" Scheme, please?
- T. R. Rao:** Yes. See, as we informed to the exchanges, we raised our eligible disputes, our clients under Vivad Se Vishwas in three projects. One is on our parent company, PNC, one is from our subsidiary companies. All three, we declared and we duly intimated to the exchanges. Though now the last date got over yesterday, 31st October was the last date for filing the disputes. Now they are under process. So, we expect we offer things from NHAI rolling out from November onwards. So once those offers are accepted by us, then we duly intimate to that changes followed by to the industry.
- Prem Khurana:** And sir, just one bookkeeping question. If you could share the toll number for Bareilly-Almora please?
- D. K. Maheshwari:** It is INR14.25 crores, sir.
- Prem Khurana:** Sure, sir. Thank you. Sagar, that's from my side, thank you.
- Moderator:** Thank you so much. Well, ladies and gentlemen, due to time constraints, that was the last question. I now hand the call over to the management for closing comments.
- Yogesh Jain:** Thank you, everyone, for your participation in our earnings call. We wish everyone have a safe and happy Diwali as well as a prosperous new year. In case further queries, you may get in touch with these Strategic Growth Advisers, our investor relation advisers, or feel free to get in touch with us. Thank you very much.
- Moderator:** Thank you. On behalf of Anand Rathi Share and Stock Brokers, that concludes this conference. Thank you for joining us. You may now disconnect your lines.
- D. K. Maheshwari:** Thank you.