

“PNC Infratech Limited Q1 FY16 Earnings Conference Call”

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MANAGEMENT: **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR, PNC
INFRATECH LIMITED**
MR. D.K. AGARWAL – CFO, PNC INFRATECH LIMITED
**MR. D.K. MAHESHWARI – ASST. VICE PRESIDENT, PNC
INFRATECH LIMITED**
**STRATEGIC GROWTH ADVISORS – INVESTOR RELATIONS
ADVISORS**

MODERATOR: **MR. NITIN ARORA - EMKAY GLOBAL FINANCIAL SERVICES
LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the PNC Infratech Limited Q1 FY16 Earnings Conference Call hosted by Emkay Global Financial Services Limited. As a reminder all participant lines will be in the listen-only mode. 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. Nitin Arora from Emkay Global Financial Services. Thank you and over to you sir.

Nitin Arora: Good afternoon everyone. Thank you for joining us today. We would like to welcome the management of PNC Infratech and thank them for giving us the opportunity to host this conference call. Without taking much of the time I would now like to hand over the call to Mr. Yogesh Kumar Jain for his opening remarks and then we will have a Q&A session. It is over to you sir.

Yogesh Kumar Jain: Thank you very much Nitin. Good afternoon friends, we welcome you all to earning conference call to discuss Q1 FY16 performance. Along with me, I have Mr. D.K. Agarwal – CFO and Mr. D.K. Maheshwari – Asst. Vice President (Finance) and SGA our Investor Relations Advisors.

I would like to start with a brief on the industry and our business. As you all know over the next three years the Government of India is likely to announce 26,000 kms of NH (National Highway) projects of which 20,000 kms are of NHD Projects. The government is also coming out with projects under new hybrid annuity model where government will fund 40% of the cost during the project construction and the selected private developers will have to bring in the balance 60% which will save the road developers from traffic risk. Apart from this, government has also fast tracked approval of various clearances like environment clearance and is also making sure that at least 90% of land is acquired before the contract is given out. Due to these various initiatives there has been renewed project awarding activity in the sector. Till July 2015, NHAI has awarded approximately 1300 km of projects, out of which approximately 500 kms on BOT and balance 800 kilometers on EPC basis.

In the past, the industry has had two key issues which had affected the performance. The issues are number one, under prepared projects put up for bidding, number two, aggressive bidding by private sector players due to various reasons. The solution to the first issue has been addressed by the government and the results are in front of us with the kind of awarding activity happening in the sector. Regarding the second issue of aggressive bidding, in our case we have tried to address with our strategic approach of bidding for projects that has grant component rather than premium. There are two key benefits of this strategy first is that equity requirement for these project is on lower side and the second benefit is that as the government ensures that the project is completed on time within estimated cost. We are focused on projects in and around 500 kms radius of Delhi as we are familiar with the region, having our own establishment and we believe that we can more accurately estimate the project costs.

This region also has a lot of potential and economic activity is expected to pick up over the next two to three years due to upcoming elections in two large states. We are developing and operating 7 BOT projects and one OMT project comprising of both toll and annuity assets. Most of our BOT projects have grant component and the following six BOT projects are now operational.

- Kanpur -Kabrai, National Highway 86, 100% owned BOT toll project.
- Gwalior-Bhind section of National Highway 92, 100% owned BOT toll project,
- Kanpur-Lucknow-Ayodhya section of NH 25, NH 56 and NH 28 100% owned OMT project.
- Redevelopment and management of Narela industrial area New Delhi 100% owned (Annuity) project.
- Ghaziabad-Aligarh section of National Highway 91, 35% owned BOT toll project.
- Jaora Nayagaon section of Madhya Pradesh State Highway 31, 8.5% owned BOT toll project.

The average toll collection on our operational projects has improved like collection on Gwalior-Bhind project has increased from 9.03 lakhs per day in FY15 to Rs. 11.53 lakhs per day in first quarter of FY16, a growth of 27% and the collection on Kanpur-Ayodhya OMT project has increased from Rs. 53.05 lakhs per day in FY15 to Rs. 59.69 lakhs per day in first quarter of FY16, a growth of 11.25%. Out of six operational projects we have commenced toll collection on two of our projects in Q1 FY16. Kanpur - Kabrai projects where we have commenced toll collection from May 7, 2015 and Ghaziabad-Aligarh project where toll collection commenced from June 25, 2015.

The remaining two projects i.e. Bareilly Almora section in Uttar Pradesh State Highway 47, 100% owned BOT toll project and Rae Bareli Jaunpur section of National Highway 231, 100% owned Annuity project are in advanced stages of construction and expected to be commissioned during the current financial year.

In Q1 FY16 we have been declared as the lowest bidder for Airport runway project at Air Force Station, Kanpur which is worth Rs. 167.25 crores. Apart from this PNC led JV has been declared lowest bidders in two NHAI Road EPC projects aggregating to Rs. 1,506 crores, in July 2015. With the PNC's share being Rs. 931 crores, we are the majority partner in both the projects. First project involves rehabilitation and augmentation of four laning of Koilwar-Bhojpur section of National Highway 84. Our share in this JV is 55% and the contract value of this project is Rs.825.17 crores. The second project is of rehabilitation and augmentation of four laning of Bhojpur-Buxar section of National Highway 84 and our share in this JV is 70% and the contract value of this project is Rs. 681.67 crores. Both the projects are in the state of Bihar under NHDP Phase II and are to be executed on EPC basis.

As regards the company order book, the un-executed portion of the projects is over Rs. 3000 crores as on June 30, 2015. 98% of our un-executed order book is Road EPC projects balance 2% are of power transmission lines and airport runway projects. As I mentioned above, out of 8 BOT/ OMT projects, 2 projects are under construction and balance 6 projects have been

commissioned and generating revenue. The projects under construction are Bareilly-Almora project which is 87% completed and Rae Bareli-Jaunpur project which is 80% completed. We expect both of these projects to be completed during this financial year and start generating revenues. There is no further equity requirement of these projects, as we have already invested the required equity in full.

I would now present results for period ended June 30, 2015. Now, we will discuss about the stand-alone quarterly results. The revenue of the first quarter of FY16 is Rs. 434 crores which is higher by 15.2% compared to Q1 FY15. EBITDA of Q1 FY16 is Rs. 60.1 crores which is higher by 30.1% compared to Q1 FY15. PAT of Q1 FY16 is Rs. 26.1 crores which is higher by 14.8% compared to Q1 FY15. Coming on consolidated quarterly results consolidated revenue of Q1 FY16 is Rs. 514 crores which is higher by 14.3% compared to Q1 FY15. Consolidated EBITDA of Q1 FY16 is Rs. 84.5 crores which is higher by 32.3% compared to Q1 FY15. Consolidated PAT of Q1 FY16 is Rs. 23.6 crores that which is higher by 6.5% compared to Q1 FY15.

We will discuss on the balance sheet side, our consolidated net worth is Rs. 1315 crores as on 30th of June 2015 and on stand-alone basis our net worth is Rs. 1166 crores. Long-term debt of the company on stand-alone basis is only Rs. 91 crores that on stand-alone basis total debt has reduced from Rs. 353 crores as on 31st March 2015 to Rs. 91 crores as on 30th June 2015. On consolidated basis it has also reduced from Rs. 1690 crores to Rs. 1500 crores in spite of taking disbursement in one of the under construction project during this quarter. Debt to equity ratio on consolidated basis has reduced from 1.88 as on 31st of March 2015 to 1.14 as on 30 June 2015.

With this we now open the floor for question and answer session.

- Moderator:** Thank you very much. Our first question is from the line of Prabhath Anantharaman from HDFC Securities. Please go ahead.
- Prabhath Anantharaman:** Can I have the number of toll collections on the recently commissioned new BOT projects?
- Yogesh Kumar Jain:** We are collecting toll in Kanpur-Kabarai, and it is about Rs. 17 lakhs per day approximately and in Ghaziabad-Aligarh, the present toll is about Rs. 40 lakhs per day for 103 km and after COD it will increase.
- Prabhath Anantharaman:** What is the order inflow for the quarter?
- Yogesh Kumar Jain:** In first Quarter of FY16, it is around Rs.1,100 crores. (Our Share)
- Prabhath Anantharaman:** That is the L1 position?
- Yogesh Kumar Jain:** Yes that is the L1 position.
- Prabhath Anantharaman:** That is the only order..

Yogesh Kumar Jain: That is the only order, we are waiting for acceptance letters which are expected within next 8-10 days.

Prabhath Anantharaman: Any guidance on the order inflow front for the year?

Yogesh Kumar Jain: We are qualified for around Rs. 20,000 crore projects, which are in the process of bidding in next two-three months. Out of about 20 projects, we are expecting to win 2-3 projects, costing around Rs. 2,000 to 3,000 crore.

Prabhath Anantharaman: Does it grow cumulatively or per project, I think it cumulative.

Yogesh Kumar Jain: It is cumulative amounting to Rs. 2,000-3,000 crores..

Prabhath Anantharaman: If this 1,100 crores fructify into the hard order book that about 4,000-4,500 crores order...

Yogesh Kumar Jain: Yes...

Prabhath Anantharaman: Ok cumulative.

Prabhath Anantharaman: I missed out on the debt equity figure on stand-alone basis? What is the debt on stand-alone basis as on June total debt?

Yogesh Kumar Jain: Standalone basis debt equity is 0.07 and the console basis it is 1.14.

Moderator: Thank you. Our next question is from the line of Nitin. Please go ahead.

Nitin: Just wanted to know the toll collection numbers for the operational BOT project, especially Kanpur-Kabrai, Gwalior-Bhind and Ghaziabad-Aligarh.

Yogesh Kumar Jain: Kanpur-Kabrai appox. Rs. 17 lakh per day, Gwalior-Bhind it is appox. Rs. 12 lakh per day and Ghaziabad-Aligarh after PCOD we are collecting toll for 103 kms, which is around Rs.40 lakhs per day. After COD it will increase.

Nitin: What do we expect after the extension, the final toll number to be?

Yogesh Kumar Jain: For Ghaziabad-Aligarh we are expecting more than Rs. 80 lakh.

Moderator: Thank you. Our next question is from the line of Abhijeet Vara from Sundaram Mutual Fund. Please go ahead.

Abhijeet Vara: Is there any delay in completion of Rae Bareli and Bareilly-Almora projects, last time you said Rae Bareli will get completed by December and Bareilly by September and you also are expecting one bonus annuity from Rae Bareli project?

Yogesh Kumar Jain: We are still expecting bonus from Rae Bareli-Jaunpur. In Bareilly-Almora we are on time.

- Abhijeet Vara:** Both will be commissioned in next three months?
- Yogesh Kumar Jain:** Both will be commissioned, first Bareilly to Almora will be commissioned in next three months and Rae Bareilly-Jaunpur will be commissioned around December - January.
- Abhijeet Vara:** Around Rs. 84 crores is the bonus which you will receive?
- Yogesh Kumar Jain:** No it is Rs. 64 crores semi annuity for six months in case we complete it by December'15 or otherwise we can get it proportionate.
- Abhijeet Vara:** Also this Ghaziabad-Aligarh you said Rs. 80 lakhs will be the total toll collections once you achieve the final COD. What is the shortfall in terms of the toll collection when you bid for the project and right now?
- Yogesh Kumar Jain:** Right now we are collecting Rs. 40 lakhs per day...
- Abhijeet Vara:** No when you bid for the project you'd have expected certain toll collection is there any shortfall of whatever you are collecting now versus year initial expectation.
- Yogesh Kumar Jain:** At the time of bidding we considered it around Rs. 80 to 90 lakhs.
- Abhijeet Vara:** What is the cash level on your books as of now?
- D. K. Maheshwari:** Rs. 110 crores in cash and bank balance on 30th June as against the debt of Rs. 91 crores in stand-alone business.
- Moderator:** Thank you. Our next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** How is your progress on the UP expressway project, Lucknow-Agra?
- Yogesh Kumar Jain:** Work is going on in the entire 55 km in full swing.
- Parikshit Kandpal:** You expect to complete it on schedule.
- Yogesh Kumar Jain:** Yes we expect to complete it before the scheduled time.
- Parikshit Kandpal:** What is the pending equity requirement for your BOT projects and what is the outlook on the upcoming bid pipeline for on the asset side, so how much we are looking to bid for on BOT?
- Yogesh Kumar Jain:** No equity requirement for the existing BOT projects .
- Parikshit Kandpal:** What is the outlook on the new BOT projects, how much you are looking to take in?

- Yogesh Kumar Jain:** We are not much interested in BOT projects, but we can consider bidding one BOT projects in case if there is good equity IRR.
- Parikshit Kandpal:** What is the size of that project?
- Yogesh Kumar Jain:** Around Rs. 1600 crores.
- Parikshit Kandpal:** This will be bidding along with the JV partner?
- Yogesh Kumar Jain:** We are individually qualified and we can bid individually.
- Parikshit Kandpal:** We are qualified to bid up to 1600 crores.
- Yogesh Kumar Jain:** We are qualified upto Rs. 3000 crore projects in BOT..
- Parikshit Kandpal:** Presently you're having most of the projects in UP and the nearby areas, so you can give us some outlook on what kind of leakages we can expect in toll revenues in this geography because typically people have resistance to pay toll. In Western UP we have seen that in the past also that there has been instances where there has been resistance to pay toll. Typically will the leakages be high in this area?
- Yogesh Kumar Jain:** We are not facing any much problem in this area, we have our own strength and we are collecting toll comfortably without much leakage or we can say leakage is hardly 1-2 % only.
- Parikshit Kandpal:** On the working capital side what is the total account receivable days as of now has it improved over last quarter what is the scenario there?
- D. K. Maheshwari:** Yes, debtors days is around 92 days of 30th June, inventory has also reduced. Total working capital days is around 102 to 103 days as on 30th June.
- Parikshit Kandpal:** Total working capital, net working capital?
- Yogesh Kumar Jain:** Total Working Capital Days
- Parikshit Kandpal:** So we expect it to maintain it at this level?
- Yogesh Kumar Jain:** Certainly.
- Parikshit Kandpal:** The margins have improved in this quarter so what will be your guidance on margins now so you will be able to maintain it in 14-15% range?
- Yogesh Kumar Jain:** We will sustain to maintain 13-14% EBIDTA margins
- Moderator:** Thank you. Our next question is from the line of Nitin Arora from Emkay Global. Please go ahead.

- Nitin Arora:** On this Ghaziabad-Aligarh what we wanted to understand because you bid the project at about 80 lakhs and you said it is for 40 lakhs per day is on 103 km, but initially the 125 km got reduced to 105 km is it that correct thing?
- Yogesh Kumar Jain:** Yes original kilometers was around 126 km now we got PCOD for 103 km so we are collecting toll proportionate to 103 km only. We are also not getting toll presently for overloading but after stabilization/ rainy season, we will collect toll from over loaded vehicles also.
- Nitin Arora:** So then on an overall basis assuming this overloading comes into the picture...
- Yogesh Kumar Jain:** Overloading and after stabilization toll after rainy season and impact of traffic of DFCC multi-model container depot will come there., We hope that after all these, we will get more than Rs. 80 lakhs per day.
- Nitin Arora:** But this 80 lakhs was bid at the starting of the project, whereas DFCC and multi-model will come at least after two or three years, so I just want to understand that has there anything changed in terms of traffic and number two, has the bankers are asking for debt repayment early debt repayment on this project?
- Yogesh Kumar Jain:** Approximate interest on this project is Rs. 50 lakh per day. We are expecting that collection will increase immediately after COD appox. Rs. 17 lakh per day for the extra length, impact of overloading will be around Rs. 7 to 8 lakh and it will also increase about Rs. 5 to 7 lakh after rainy season
- Nitin Arora:** In terms of your EPC revenue guidance which you talked about in the IPO time as well you started this year on a softer note of doing construction revenue, do we still maintain 30 billion kind of a number for the whole year?
- Yogesh Kumar Jain:** Pardon?
- Nitin Arora:** In the starting during the time of IPO also you had stated a guidance around 3000 crores of revenue in FY16, do we still maintain that?
- Yogesh Kumar Jain:** No, we have never discussed in the road show of 3000 crores revenue by FY16.
- Nitin Arora:** What is your guidance in terms of FY16, I mean to say for FY16 what is the total revenue guidance we are taking in at this point?
- Yogesh Kumar Jain:** You are talking about consolidated?
- Nitin Arora:** No on standalone construction revenues.
- D. K. Maheshwari:** Actually in FY15 our growth was 35% but this year also we are expecting the growth in the range of 20 to 30%.

- Nitin Arora:** Despite the reduction in the debt we have not seen the decline in interest costs any particular reason or is it done between during this quarter?
- D.K. Maheshwari:** Impact of reduction in interest cost will be from the second quarter, because in the month of April and May our utilization of the working capital was higher which has reduced in the month of June only so maximum impact you'll find in the second quarter.
- Nitin Arora:** What is the average borrowing cost run at this point?
- D.K. Maheshwari:** It is around 10.45 to 10.5% on working capital.
- Moderator:** Thank you. Our next question is from the line of Abhijeet Vara from Sundaram Mutual Fund. Please go ahead.
- Abhijeet Vara:** You mentioned on Ghaziabad overloading toll will get you 7 to 8 lakhs per day additional but the current operational projects are you already charging and if you're charging what was the extent of growth in the revenues because of over loaded traffic?
- Yogesh Kumar Jain:** We are collecting in our Kanpur-Lucknow-Ayodhya project and also we are collecting in Kanpur-Kabrai. It is around 15%.
- Abhijeet Vara:** 15% of total revenue.
- Yogesh Kumar Jain:** Yes 15 %.
- Abhijeet Vara:** When did you start collecting this?
- Yogesh Kumar Jain:** We are installing weighing in motion on each line at Ghaziabad-Aligarh so I think it will take 2-3 months.
- Abhijeet Vara:** What is the traffic growth, you gave us toll revenues in each of your toll collection projects but what is the traffic growth you're seeing?
- Yogesh Kumar Jain:** In projections we have considered traffic growth 10%.
- Abhijeet Vara:** What is the actual growth, in your operational BOT Projects?
- Yogesh Kumar Jain:** It is in the range of 8 to 10% in Kanpur-Kabrai, Kanpur-Ayodhya and Gwalior-Bhind
- Abhijeet Vara:** When is your next toll rate hike you are allowed?
- Yogesh Kumar Jain:** From April' 16
- Moderator:** Thank you. Our next question is from the line of Srinivasa Rao Ravuri from HDFC Mutual Fund. Please go ahead.

- Srinivasa Rao:** My question is on Agra-Lucknow expressway. How much billing have you done in the first quarter and in the month of July and do what you expect for the full year, current financial year?
- D. K. Maheshwari:** In the first quarter we have billed Rs. 64crore and conservatively we have considered in this FY16 Rs. 500 crores from this project.
- Srinivasa Rao:** What was the billing in July?
- Yogesh Kumar Jain:** Actually billing will be made in the month of September because this is a milestone billing system.
- Moderator:** Thank you. Our next question is from the line of Nimit Shah from ICICI Securities. Please go ahead.
- Nimit Shah:** Could you please let me know the utilization of the IPO proceeds currently?
- D. K. Maheshwari:** Utilization of the IPO proceeds is
- 1) Rs. 65 crores for infusion of the equity for Raebareli Jaunpur Project which we have already infused
 - 2) 150 crores for Working Capital, we have already reduced our debt
 - 3) Rs. 35 crores for repayment of term loan, out of that about 29 to 30 crores we have already repaid
 - 4) Rs. 85 crores for CAPEX and out of that we have already made the payment around Rs. 15-20 crores and remaining CAPEX are under LC & BG which will be paid within 2-3 months and
 - 5) remaining for General Corporate Purpose.
- Nimit Shah:** So anything as of now has gone to reduce the debt or investments in some mutual funds or liquid investments.
- D. K. Maheshwari:** We have kept this money in the FD in the scheduled banks.
- Nimit Shah:** How much that would be?
- D. K. Maheshwari:** That is around Rs. 80 crores as on date.
- Nimit Shah:** Only 80 crores?
- D. K. Maheshwari:** Yes.
- Nimit Shah:** So this 150 crores of Working Capital, that has gone to reduce the debt or not?
- D. K. Maheshwari:** Yes, that has reduced the debt. Our utilization was higher in the month of May that has reduced to that extent.

- Nimit Shah:** Because for this quarter, neither the interest expense has come down nor the Other Income has increased? So any specific reason?
- D. K. Maheshwari:** You are right, the Interest Cost has increased actually. It was the working capital limit utilization in the month of April and May was highest and which has reduced in the month of June and this impact will come in July, August and September 15.
- Nimit Shah:** So you mean from your March levels your debt level has gone up in April and May?
- D. K. Maheshwari:** Yes.
- Nimit Shah:** Because of the Working Capital needs?
- D. K. Maheshwari:** Yes.
- Nimit Shah:** But the turnover has not increased significantly. Its only 15% increase then why such a huge increase in the Working Capital in April and May?
- D. K. Maheshwari:** Actually we have executed the work of about Rs. 150 crores of the Rae Bareli-Jaunpur project and disbursement was made in the month of June only for Rs. 112 crores.
- Nimit Shah:** So it was mainly because of our own BOT project.
- D. K. Maheshwari:** Yes.
- Nimit Shah:** And Other Income has also not increased.
- D. K. Maheshwari:** That was only because of the realization of the advances given to the contractors on which we were charging the interest in the earlier quarter that has been recovered from their bills.
- Nimit Shah:** In this quarter the Other Income is also not so significant. It is down on a sequential basis also. Its flat almost on a year-on-year basis as well as sequentially.
- D. K. Maheshwari:** That was also because of the interest we have received from one of the unsecured loan given to a SPV on which we got the interest in first quarter of FY15. In this quarter it was nil because that unsecured loans was repaid.
- Moderator:** Our next question is from the line of Rajendra Mishra from IDFC. Please go ahead.
- Rajendra Mishra:** Just some housekeeping numbers. Can you repeat the numbers consol debt and consol net worth?
- Yogesh Kumar Jain:** The consol debt is 1,500 crores and consol net worth is 1,316 crores.

- Rajendra Mishra:** My second question was on this entire set of BOT projects what is the current aggregate toll that you are collecting across this project because six are already operational as you said so what would be your daily or the monthly collection?
- Yogesh Kumar Jain:** In this quarter it is around Rs. 80 crores of toll and annuity collection from our operational projects
- Rajendra Mishra:** Any guidance on this, how this number will look like on a full-year basis in next full year which is FY17?
- D. K. Maheshwari:** It will be over Rs. 350 crores in FY16 without considering Ghaziabad-Aligarh revenue because that is our Associate in which we are having holding of 35%.
- Rajendra Mishra:** In all these projects in terms of IRR have they met, all the internal hurdle of the project IRR or equity IRR for these projects.
- Yogesh Kumar Jain:** Yes.
- Rajendra Mishra:** All of them?
- Yogesh Kumar Jain:** Yes.
- Rajendra Mishra:** Another query was on this number that you had shared at the start of the call as on 1300 kms projects have been awarded so which was for this quarter or for the month?
- Yogesh Kumar Jain:** Till July.
- Rajendra Mishra:** So four month period?
- Yogesh Kumar Jain:** Yes.
- Rajendra Mishra:** This is the NHAI project you are saying?
- Yogesh Kumar Jain:** Yes.
- Rajendra Mishra:** Again coming back to this question on EPC revenue that someone asked a couple of questions before, what's the number that you are looking at to close in FY16, the standalone EPC revenue.
- Yogesh Kumar Jain:** This will be around Rs. 1900-2000 crores.
- D. K. Maheshwari:** Because we are expecting the growth of 20-30% in FY16.
- Rajendra Mishra:** While maintaining similar EBITDA margin as last year?

- D. K. Maheshwari:** Expecting that EBIDTA margin will be in the range of 13-14%.
- Rajendra Mishra:** This L1 that we have two projects which you said two NHAI projects where we have a share and then airport runway project, so when will this get classified in the Order Book?
- Yogesh Kumar Jain:** Around August
- Rajendra Mishra:** Since you said that 2% of your projects are into power transmission and airport runways, so any likelihood that this number will increase or this entire year projects will be mostly into roads and EPC.
- Yogesh Kumar Jain:** Mostly in the roads EPC, this will be maintained around 2-3%.
- Moderator:** Thank you. Our next question is from the line of Navin Jain from JM Financial. Please go ahead.
- Navin Jain:** I had a few questions, one on the L1 orders that we have in Bihar, is this the first time that we are foraying on the state of Bihar or have we done work in Bihar before?
- Yogesh Kumar Jain:** We are working on one Railway project in Bihar state. This is EPC Project of DFCC from Varanasi to Sonnagar Railway track and these are our second project.
- Navin Jain:** Beyond this are there any other states where we are looking at projects currently in the course of let's say next one year or two years, are there other states where we will go to?
- Yogesh Kumar Jain:** We are already qualified for around Rs. 20,000 crores projects in the state of Madhya Pradesh, Rajasthan, Uttar Pradesh, Punjab, Haryana, and Delhi also. So we are bidding and we are also bidding in North East also.
- Navin Jain:** We have not so far worked in North East.
- Yogesh Kumar Jain:** We have worked in North East, we have constructed one runway at Jorhat recently.
- Navin Jain:** In any of our BOT project the projects which are operational so beyond this is there any CAPEX or is there any capital outlay that is expected in any of the project because of the traffic numbers being at certain levels and when do you expect, it,, is there any project where you expect something like that?
- D. K. Maheshwari:** We don't require at CAPEX for existing BOT projects at least in next 3-4 years.
- Navin Jain:** Can you please share the toll number. I mean the total toll number for Kanpur-Ayodhya project for the quarter and for FY15 also.
- D. K. Maheshwari:** In FY15 it was Rs. 194 crores as against that in this quarter it was Rs. 55 crores. Also per day collection was 53.05 lakhs in FY15 as against in this quarter it is 59.69 lakhs per day.

- Navin Jain:** If possible if you can break up the other balance of BOT revenues also that 80 crores, so 54 crores in Kanpur project you can share the other project numbers also.
- Yogesh Kumar Jain:** Remaining in MP is around Rs. 10 crores, then Delhi-Narela there it is Rs. 9 crores and Kanpur Kabrai around Rs. 7 crores.
- Moderator:** Thank you. Our next question is from the line of Rajendra Mishra from IDFC. Please go ahead.
- Rajendra Mishra:** Just wanted to take this opportunity to understand the competitive landscape because you are saying you would bid into 20-22 EPC projects, so how is the kind of bidding that is taking place, is it very aggressive or moderate, I don't know how do you rate this environment.
- Yogesh Kumar Jain:** You can say that presently bidding trend is moderate not aggressive, but good time will come.
- Rajendra Mishra:** So once we say that we will able to pick up Rs. 2000-3000 crores projects around 2-3 projects, so we will be getting at our margin, our price or you think it's getting a little heated up?
- Yogesh Kumar Jain:** We always bid at minimum 13- 15% EBITDA margin.
- Rajendra Mishra:** So you feel that this environment is not like 2011 or 2012 kind of?
- Yogesh Kumar Jain:** Yes. The environment and sentiments are good.
- Rajendra Mishra:** Your share of picking up projects will always be around NCR, 500 kms around NCR that is what you said or you will slowly get into other states as well?
- Yogesh Kumar Jain:** Generally we always try to get projects in these states, around 500 kms, but we can work all over India, as we have already worked in 13 states..
- Rajendra Mishra:** But most of your order book would still currently be around this 500 kms radius?
- Yogesh Kumar Jain:** Yes.
- Rajendra Mishra:** So which includes all the states around Delhi, UP, Haryana, Rajasthan, and everywhere?
- Yogesh Kumar Jain:** Yes
- Rajendra Mishra:** Can you give a breakup across states, this order book or L1.
- D. K. Maheshwari:** Mainly it is from north side, around 90% but the Authorities are different such as NHAI, MORTH, MES, UPSHA, UPEIDA and PWD
- Rajendra Mishra:** But would you have a handy number as to how much is coming from UP and how much is coming from rest?

- Yogesh Kumar Jain:** Not right now but we will provide you.
- Moderator:** Thank you. Our next question is from the line of Vishwesh Mehta from Birla Sun Life. Please go ahead.
- Vishwesh Mehta:** On the call you mentioned, the standalone growth rate of 20-30%. Would you like to give more detail or granularity on that? My understanding was in terms of top end we were slightly targeting on the higher side. What has been the reason for you to now moderate that growth number?
- D. K. Maheshwari** In the existing order booking around 7 to 8 projects we are going to complete in this current financial year. Secondly, the main revenue is expected from Agra-Lucknow Expressway in which we have taken conservatively revenue of Rs. 500 crores in the current year FY16. We are expecting more from this project..
- Vishwesh Mehta:** On the working capital side, you had mentioned 103 days. Would you like to give any guidance going ahead what sort of working capital cycle are we looking at?
- Yogesh Kumar Jain:** In the same lines, 100 to 110 days.
- Vishwesh Mehta:** You also mentioned on the 1600 crores BOT order that we are looking forward for bidding, what sort of equity you will need and how do we plan to fund that?
- Yogesh Kumar Jain:** Equity requirement in this project is around Rs. 300 crores in three years. Then comfortably we can take it from our own generation, we need not required to take any loan for infusion of the equity in any of the BOT project.
- Moderator:** Our next question is from the line of Rita Tahilramani from Edelweiss. Please go ahead.
- Rita Tahilramani:** I wanted to understand this Kanpur-Kabrai project what is the borrowing cost in this particular quarter?
- D. K. Maheshwari** It is 11.20%
- Rita Tahilramani:** How much would be in the amount term?
- D. K. Maheshwari:** It is around Rs. 2.5crores per month.
- Rita Tahilramani:** In Ghaziabad you mentioned it would be?
- D. K. Maheshwari:** Rs. 50 lakhs per day.
- Rita Tahilramani:** After COD it will increase to Rs. 67 Lac per day
- Yogesh Kumar Jain:** Yes but we require interest on per day basis on Rs. 50 lakh.

- Moderator:** Our next question is from the line of Amit Sinha from Macquarie. Please go ahead.
- Amit Sinha:** My question was on how much has the lower Bitumen prices helping in our margin, first for this particular quarter and secondly if the current level of Bitumen prices sustain, can we see even more than 13-14% EBITDA margin in the standalone business?
- D. K. Maheshwari:** That we have to calculate separately and we will inform you.
- Yogesh Kumar Jain:** But we will sustain to maintain 13- 14% EBITDA margin.
- Amit Sinha:** Just to understand for an entire road project what would be the contribution from the Bitumen cost, very roughly?
- Yogesh Kumar Jain:** It varies from 30-40%.
- Moderator:** Thank you. Our next question is from the line of Abhijeet from L&T. Please go ahead.
- Abhijeet:** Wanted to understand from your perspective the eastern peripheral packages which recently announced, were we present in that?
- Yogesh Kumar Jain:** We were not lowest bidder.
- Abhijeet:** So what is your take on the competition there because you mentioned that the competition is moderating?
- Yogesh Kumar Jain:** Yes.
- Abhijeet:** In a region where we are supposed to be stronger we lost all six.
- Yogesh Kumar Jain:** We bid only one project. You can say competition is moderate, difference in L1, L2, L3 package were in the range of 3% to 4%. We were L3 in this bid.
- Abhijeet:** We bid only for one because?
- Yogesh Kumar Jain:** Fifth package is in our reach. Our quarry and crusher setup is nearest to fifth package.
- Moderator:** Thank you. Our next question is from the line of Neeraj Marathe from HU Consultancy Pvt. Ltd. Please go ahead.
- Neeraj Marathe:** Wanted to understand the nature of our road projects that we construct, are there any embedded escalation clauses, how does this work? Generally wanted to get a view on that incase of any increase in material prices how do we at the company level think about this?
- Yogesh Kumar Jain:** Now in EPC contracts in NHAI, escalation clause is there so we can get escalated price back-to-back basis, so there is no risk in case of price escalation in EPC projects.

- Neeraj Marathe:** So is this there for all the projects that NHAI is awarding or it is specific to certain projects, certain size?
- Yogesh Kumar Jain:** In all the packages.
- Moderator:** Thank you. Next question is from the line of Navin Jain from JM Financial. Please go ahead.
- Navin Jain:** How much would you expect the interest cost to be for this financial year?
- D. K. Maheshwari:** In the range of Rs. 32-35crores.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now had the floor over to Mr. Nitin Arora for closing comments, thank you and over to you sir.
- Nitin Arora:** Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us.
- Moderator:** Thank you very much. Ladies and gentleman, on behalf of Emkay Global Financial Services Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.