



“PNC Infratech Limited Full Year Ended FY15 Earnings
Conference Call”

June 26, 2015



MANAGEMENT: **CHAKRESH KUMAR JAIN – MANAGING DIRECTOR,
PNC INFRA TECH LIMITED
YOGESH JAIN – MANAGING DIRECTOR,
PNC INFRA TECH LIMITED
D.K. AGARWAL – CHIEF FINANCIAL OFFICER,
PNC INFRA TECH LIMITED
D.K. MAHESHWARI – ASST. VICE PRESIDENT (FINANCE),
PNC INFRA TECH LIMITED**

ANALYST: **PARVEZ AKHTAR QAZI – EDELWEISS SECURITIES LTD**

Moderator: Ladies and Gentlemen, Good day and welcome to the Full Year Ended FY15 Earnings Conference Call of PNC Infratech Limited hosted by Edelweiss Securities Limited. 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 the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 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. Parvez Akhtar Qazi of Edelweiss Securities. Thank you and over to you, sir.

Parvez Akhtar Qazi: Good afternoon everyone. On behalf of Edelweiss I welcome you all to the Q4 FY15 Earnings Conference Call for PNC Infratech. Today, from the Management we have with us Mr. Yogesh Jain – Managing Director of the Company, Mr. Chakresh Kumar Jain – Managing Director, Mr. D.K. Agarwal – Chief Financial Officer of the company and Mr. D.K. Maheshwari – Assistant Vice President, Finance.

Without wasting much time I would like to hand over the floor to Mr. Yogesh Jain for his opening remarks and followed by that we will have question-and-answers. Over to you Mr. Yogesh.

Yogesh Jain: Thank you very much. Good evening friends. We welcome you all for discussion on our first earning conference call post the listing of the full year financial year 2015 performance. Along with me I have Mr. Chakresh Jain – Managing Director, Mr. D.K. Agarwal – CFO and Mr. D.K. Maheshwari – AVP (Finance) and Strategic Growth Advisors, our Investor Relationship Advisor.

We would like to thank you all for being a part of our success in IPO and your continued support thereafter. As this is our maiden call, I would start by giving a brief introduction of our company PNC Infratech Limited. We are an emerging infrastructure player in India with expertise in execution of infrastructure project including highways, bridges, flyover, airports, runways and industrial areas and transmission lines. We provide EPC services for various infrastructure projects across sector like roads and highways, airports, industrial area, T&D; we are also developing and operating seven BOT projects and one OMT project comprising both toll and annuity assets. We have a proven track record in executing large construction

projects particularly in roads in highways sector where we undertake projects on EPC basis and BOT basis.

We have executed 42 major infrastructure projects spread across 13 state of which 24 projects are road EPC projects. We also undertake construction of airport runways and have executed 17 airport runway projects across India.

We have received Super Special Class Certification by Military Engineering Services for un-limited tendering for the civil engineering works in runways and pavements category. We have to our credit completion of first of its kind BOT annuity project for area redevelopment and O&M of the industrial estate of Narela, New Delhi awarded by Delhi State Industrial and Infrastructure Development Corporation. To execute these projects we have a large fleet of sophisticated equipment and professionally qualified and experienced team.

Coming to projects under execution, we have 23 projects with a total contract value of approximately Rs.7,850 crores from which contract value of approximately Rs.4,400 crores we have already executed. The remaining value of contracts under execution is approximately Rs.3,450 crores, . We are also having one project of construction of track and track related works on Mughalsarai- Sonnagar section of Dedicated Eastern Freight Corridor that is the part of Dedicated Freight Corridor. In power transmission and distribution sector, we are currently executing power transmission lines of approximately 1000 kilometer of 132 and 220 kv lines on turnkey basis.

We are developing and operating seven BOT projects and one OMT project comprising both toll and annuity assets. Of these seven BOT projects, one BOT project is area redevelopment and O&M of industrial estate of Narela in Delhi and remaining six projects are road projects. Out of the BOT and OMT projects, two projects are under construction and balance six have been completed and generating revenue.

I would now present the results for period ended March 31st, 2015. Standalone quarterly results, revenue of fourth quarter FY15 is Rs.464 crores which is higher by 12% compared to fourth quarter of financial year 2014. EBITDA of fourth quarter financial year 2015 is Rs.61 crores which is higher by 16% compared to fourth quarter of financial year 2014. PAT of fourth quarter financial year 2015 is Rs.33 crores which is higher by 11% compared to fourth quarter of financial year 2014.

As regards standalone FY 2015 results, Revenue of FY 2015 is Rs. 1,561 crores which is higher by 35% compare to financial year 2014. EBITDA of FY 2015 is Rs.217 crores which is higher by 53% compare to FY 2014. PAT of FY 2015 is Rs. 100 crores which is higher by 43% as compare to FY 2014. Debtor days as on March 31, 2015 is 86 days compare to 109 days as on March 31, 2014, a reduction of 23 days in debtor days.

Consolidated results of FY 2015 – Consolidated revenue of FY 2015 is Rs. 1,861 crores which is higher by 37% as compare to FY 2014. Consolidated EBITDA is Rs.280 crores which is higher by 60% as compare to FY 2014. PAT of FY 2015 is Rs.91 crores which is higher by 65% as compare to FY 2014. EPS is 22.93 on March 31, 2015 as compare to 13.86 in March 31, 2014.

On the balance sheet side, our consolidated net worth is Rs.871 crores and standalone net worth is Rs.718 crores as on 31.03.2015.

EPC order book- the total value of contract under execution is Rs.7,850 crores out of which remaining value of contract under execution is around Rs. 3,450 crores which is to be executed over a period of next 2-3 years. Road EPC projects comprise 97% of order book whereas airport runway, and power projects are 3% of the unexecuted order book.

We are at L1 stage, (lowest stage) for a project of resurfacing, strengthening of – runway at the air force station, Kanpur of Rs.167.25 crores.

If we will discuss about our BOT portfolio, we have six road BOT projects and one BOT project for area redevelopment and O&M of industrial estate of Narela in New Delhi. We also have one OMT project on Kanpur-Ayodhya road which is currently operational. We have two projects under construction which are Bareilly Almora project and Rae Bareilly-Jaunpur project. We have completed around 85% work of Bareilly Almora Project and is expected to complete in this current year. Similarly we have completed around 75% work of Raebareilly-Jaunpur project and we expect to complete the project in this current year.

No equity requirement for existing BOT projects as on date in the company.

I am happy to inform you that the Board of Directors has recommended a dividend of 15% for the financial year 2014-2015 as compared to 7.5% for financial year 2013-2014.

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

- Moderator:** Thank you very much sir. Ladies and Gentlemen, we will now begin question-and-answer session. Our first question is from Nitin Arora of Emkay Global. Please go ahead.
- NitinArora:** Just wanted to understand that I think we have just commenced our toll collection at Ghaziabad-Aligarh, what kind of a toll collection we have started collecting there?
- Yogesh Jain:** We have just started day before, so it is very early to say anything about the toll collections.
- NitinArora:** No sir, that's a fair point but the existing traffic must be there on the patch, so I mean any sense if we can get that because I think so what we bid that how much variation are we there in terms of starting of that toll collection number?
- Yogesh Jain:** So we have completed this section partly, the total length of this section is around 126 kilometer but after taking PCOD of 103 Km., presently we are collecting the toll proportionately.
- NitinArora:** Okay. And sir once we have commissioned the full length then how much would be the toll collection assumptions?
- Yogesh Jain:** It should be around Rs.75 to 80 lakhs per day.
- NitinArora:** That you will do it in the six months?
- Yogesh Jain:** Hopefully
- NitinArora:** Okay. Sir in terms of the traffic collection, wanted to understand Bareilly-Almora and Kanpur-Kabrai, what is the toll collection you are seeing on those two patches at this point and how much variation is there and what we have bid these projects at?
- Yogesh Jain:** Kanpur-Kabrai we have started almost one month before, our expectation was around Rs.17 lakhs per day but we received toll of Rs.19 – Rs.20 lakhs per day .
- NitinArora:** And sir Bareilly-Almora?
- Yogesh Jain:** Bareilly-Almora we are expecting toll around Rs.65 to Rs.75 crores per year i.e. around 20 lakhs per day.
- NitinArora:** That's what we are expecting?
- Yogesh Jain:** Yes.

- NitinArora:** And what we bid at sir?
- Yogesh Jain:** What?
- NitinArora:** What we have bid this project at?
- Yogesh Jain:** Almost in the same range.
- NitinArora:** Okay. And sir when you said that no equity requirement is left now in the BOT projects I think about Rs. 65 crores we were infusing from the IPO money, so can you tell me what is the cash balance at this point and what is the debt as on this date?
- D.K. Maheshwari:** On standalone basis our debt will be approx. Rs.90 - Rs.100 crores on June 30, 2015 as against that there will be a cash & bank balance of around Rs.100 – Rs.120 crores in standalone.
- NitinArora:** Sir there has been a sharp reduction in the debt level sir, we have repaid.
- Yogesh Jain:** Yes, this is due to repayment of debt or reduction in debtor days.
- NitinArora:** So sir we have repaid around Rs. 200 crores worth of debt, is that correct number?
- Yogesh Jain:** Yes.
- NitinArora:** Okay. Sir in terms of your working capital which you mentioned about 86 days in the debtor side, has there been any large chunky money which you have received recently or it's just a normal movement of the working capital?
- Yogesh Jain:** It is a normal movement.
- NitinArora:** Okay. And you expected this to be around this level, around 85-90 days?
- D.K. Maheshwari:** The working cycle we are expecting around 100 to 110 days.
- NitinArora:** Sir in terms of the order inflow if you can share the number for this quarter and for the whole year?
- Yogesh Jain:** You are talking about last year?
- NitinArora:** Yes, for FY15.

- Yogesh Jain:** Total inflow in FY15 was around Rs. 1850 crores and in current year it is Rs. 167 crores.
- NitinArora:** Okay. That's where you are L1 at?
- Yogesh Jain:** Yes, that's we are L1.
- NitinArora:** Sir on the Agra to Lucknow expressway have we received the land completely and we have started the execution?
- YogeshJain:** Yes, we have received the entire land of 55 kilometer and work is going on in the entire area with full swing.
- NitinArora:** So sir any assumptions if you can throw more light what could be the FY16 revenue growth we are targeting at this point with what kind of margins we can expect now because I think we showed a very good jump in our margins in this year, so will it look sustainable for you going ahead?
- Yogesh Jain:** In FY 16 we expect the revenue growth in the range of 25% to 35% with EBIDTA margin 13.25% to 14% .
- Moderator:** Thank you. Our next question is from Abhinav Bhandari of Reliance Mutual Fund. Please go ahead.
- AbhinavBhandari:** Just wanted to check this consolidated you had some other operating income of Rs. 52 crores, so what is the nature of this income, and what are the expenses against this income?
- DK. Maheshwari:** Turnover include Rs. 27 crores for sale of materials & others and Rs. 21.50 crores annuity from our Delhi Narela project.
- AbhinavBhandari:** So this Rs. 52 crores is basically one part you are saying as annuity and the other part is?
- D.K. Maheshwari:** Sale of materials such as stone aggregates etc..
- AbhinavBhandari:** So sir this income that you had, toll and annuity income of Rs. 260 crores that is in the segmental does not include your Narela project income?
- Yogesh Jain:** That is included.

- AbhinavBhandari:** Okay. And of this Rs. 260 crores would you have a breakup in terms of which project contributed this toll revenues, toll or annuity revenues?
- D.K. Maheshwari:** Presently not readily available but we will provide you.
- AbhinavBhandari:** Sure. And the other question I had was, total BOT how much equity we have invested now, since you are saying no more equity has to be invested now.
- D.K. Maheshwari:** With fresh infusion of Rs 65 crores, we have so far infused Rs. 488 crores equity in all the BOT projects.
- AbhinavBhandari:** Okay. And this includes for Rae Bareli as well?
- Yogesh Jain:** Yes
- AbhinavBhandari:** Okay. And this year what kind of CAPEX we are looking at gross block on FY16?
- Yogesh Jain:** Not much, but will be around Rs.30 crores to Rs.35 crores,
- AbhinavBhandari:** Okay. And sir for FY16 now what kind of inflows are we targeting and what could be the BOT and EPC mix in this, order inflows I am saying?
- Yogesh Jain:** We are expecting around Rs. 2200– Rs 3000 crores worth new projects from EPC alone and minimum one BOT project, in case we find them viable with good returns
- AbhinavBhandari:** Okay. And are we bidding for BOT now or right now we are not bidding?
- Yogesh Jain:** Not much focus on BOT, but we are bidding EPC largely.
- AbhinavBhandari:** Sure. And in this Rs. 3,450 crores of unexecuted backlog how much would be your in-house portion sir?
- D.K. Maheshwari:** 12% is in-house and 88% is directly from the outside.
- AbhinavBhandari:** And is the 12% just the Rae Bareli project?
- D.K. Maheshwari:** Rae Bareli, Bareilly-Almora and Ghaziabad-Aligarh which will be completed in this FY16.

- Moderator:** Thank you. Our next question is from Abhijit Vara of Sundaram Mutual Fund. Please go ahead.
- AbhijitVara:** Sir your Gaziabad-Aligarh project earlier you were expecting about Rs. 1 crores per day of toll collection, right?
- Yogesh Jain:** Right,. but only after completion of the entire project stretch, installing of the weigh in motion for collecting the penalties overloading vehicles etc. we would be in a position to assess the actual revenues vis-a-vis the assumed.
- AbhijitVara:** That has now come down to Rs. 80 lakhs after starting the collection the toll of entire stretch, so how do you expect to catch up and what is the current toll, why was the slippage there?
- Yogesh Jain:** The revenue from the entire stretch i.e. of 126 km,. initially should be around Rs.80 lakhs to Rs. 85 lakhs per day but after installing weigh-in-motion system, in case of any overloaded two-axle or three-axle vehicles, we can collect toll from them for the next higher category of vehicles and in such scenario revenue will certainly increase to the estimated levels.
- Madan:** Sir, sorry Madan here, if you can elaborate a bit it will be helpful sir, what is that you are trying to smoothen?
- Yogesh Jain:** No, actually in case of any over loaded goods vehicles, we can collect toll for the next higher category or 10 times of normal toll from the overloaded trucks. As of now we are not collecting this additional toll on this road, and after installing weigh-in motion system we can collect additional toll from the overloaded trucks
- Madan:** You are basically saying your tariff of the over loaded trucks would be higher when the operations starts?
- Yogesh Jain:** Yes,
- Madan:** So you are seeing many trucks over loaded is it?
- Yogesh Jain:** There are so many, almost 90%.
- D.K. Maheshwari** Most of the two axle and three axle trucks are over loaded.
- Madan:** But is it permitted in other toll projects also?

- Yogesh Jain:** Yes, it is permitted.
- Madan:** And so you kind of catch up in six months' time, is that possible?
- Yogesh Jain:** Hopefully. We are collecting in our other projects also,
- AbhijitVara:** Sir just one last question, see this Rs. 3,450 crores of unexecuted orders as of 31stMarch, what is it as of today, order book?
- Yogesh Jain:** Approx Rs. 3,250 crores.
- AbhijitVara:** Oh, there is no inflow in this quarter is it?
- Yogesh Jain:** In first Quarter of the current year, we became the lowest bidder for one project of Resurfacing, strengthening of Runway at the Air Force Station at Kanpur of Rs. 167.25 crores
- Moderator:** Thank you. Our next question is from Chintan Seth of SKS Capital and Research. Please go ahead.
- Chintan Seth:** I just missed the gross debt data on consol basis, gross borrowing for the company as on March.
- Yogesh Jain:** Cost of borrowing?
- Chintan Seth:** Cost of borrowing and total debt number.
- D.K. Maheshwari:** Cost of the borrowing of the company in May 2015 was average 10.5% which was ever lowest cost of borrowing in standalone. And the debt was also over Rs.300 crores in March 2015 but as on June 30, 2015 it will be around Rs.90 – Rs.100 crores as against cash & bank balance of around Rs. 100 to Rs. 120 crores in standalone basis.
- Chintan Seth:** Okay. And consol basis?
- Yogesh Jain:** Consolidated basis Rs.1,600 crores in March 2015.
- Chintan Seth:** And as of date?
- Yogesh Jain:** As on June 30, 2015 it will be around Rs.1,300 crores. Mainly the debt has taken in BOT projects where either the projects are under construction or under operation.

- Chintan Seth:** Right sir. And sir any chance of you mentioned 55 kilometers of land bank you have received on the BOT side, so what's kind of management's plan to monetize it, develop it, how we are going to look at it? The 55 kilometer land you mentioned on the call, so what is the thinking behind management now once the project will get over and how we are going to develop it in terms of residential or commercial, so what is the thinking there in the management.
- Yogesh Jain:** This is EPC contract, so 55 kms of land received for construction of agra lucknow expressway, not for any real estate development
- Moderator:** Thank you. Our next question is from Nitin Arora of Emkay Global. Please go ahead.
- NitinArora:** Sir just repeat question on this Ghaziabad-Aligarh now, you said that we have started the toll collection for about 103 kilometers, sir as in the length of the road was already reduced to 105 kilometers earlier or it is?
- Yogesh Jain:** So this is provisional completion, but we will complete this entire length within next six months.
- NitinArora:** Okay. Now if we take the numbers which you are saying about Rs. 80 lakhs, that is about 33% jump, how much the toll increase is there in this 33% increase in the traffic numbers, in the total numbers?
- Yogesh Jain:** Yes, revenue of Rs. 80 lakhs will start only when we will start collecting the toll for the entire stretch i.e. of 126 km and additional amount from overloaded vehicles also
- NitinArora:** Okay. there will be normal 5% increase in rate on the inflation?
- Yogesh Jain:** I think that Inflation will be around 10% , because this is very near to Delhi in the NCR region so inflation we expect in the range of 8% to 10%.
- NitinArora:** Sir this Rs. 80 lakhs per day number which you are saying is including the loading part which you were saying on the traffic?
- Yogesh Jain:** No, we have not considered this overloading-
- NitinArora:** But sir the trucks if you start charging them on the higher side on the loading part don't you see the risk that they might start operating on a rationale way rather than loading the truck, don't you see that number at risk there?

- Yogesh Jain:** No, this is the government gazette notification and we are collecting in our other projects also, so don't expect any problem at all.
- NitinArora:** Sir let's say there is a number which we have started is essentially at about Rs. 60 lakhs per day, there is a Rs. 40 lakhs per day variation of what we have bided in FY17, and FY17 let's say we state around Rs. 70-75.5 lakhs per day how much gap is there in terms of losses that I have to fund that, there must be because that's a big variation?
- D.K. Maheshwari:** I don't think that there will be cash loss because in this stretch there is a very good traffic as this is a GT Road. There is no need for any additional funding in this project because initially there is no much repayment pressure and we can comfortably service the debt from the toll revenue and door to door loan repayment period is 12 years but available concession period is 24 years, so we have a long tail period and we can go for refinancing in future
- NitinArora:** Okay. And sir in terms of when you said the traffic collection at about Kanpur-Kabrai we are ahead of the expectations, right?
- Yogesh Jain:** Right.
- Moderator:** Thank you. Our next question is from Subramaniam Yadav of Subhkam Venture. Please go ahead.
- SubramaniamYadav:** Sir can you highlight on the opportunities on the railway front because we already have one order and what is the scope of work there and next opportunity in the Eastern corridor or the Western Corridor if any?
- Yogesh Jain:** we are one of the pre-qualified bidders for design and construction of civil structure and track works in Sahnewal, Lakhni, and Dadri-Khurja sections in Eastern Dedicated Freight Corridor which is costing about Rs. 3,000 crores, we are qualified for these bid packages.
- SubramaniamYadav:** So we have all the equipment and all for this?
- Yogesh Jain:** We have the equipment. Presently we are executing one of the packages on Mughalsarai-Sonnagar section of the of Eastern Freight Corridor.
- SubramaniamYadav:** Okay, how much is that worth, that one?
- Yogesh Jain:** That is Rs.147 crores approx.

- SubramaniamYadav:** That is the only order we have, so any other future order?
- Yogesh Jain:** This is only track laying work for the section of Mughalsarai - Sonnagar.
- SubramaniamYadav:** Okay. So any other future bid coming in railways which we are targeting?
- Yogesh Jain:** Yes, these two bids we are targeting that is costing Rs.3,000crores and we are also going to submit pre-qualification documents one more package that is costing about Rs.2,800 crores, between Khurja to Palani section.
- SubramaniamYadav:** Rs. 3,000 crores plus another Rs. 2,800 crores?
- Yogesh Jain:** Yes, Rs. 2,800crores. We are individually qualifying these packages.
- SubramaniamYadav:** Individually qualified, again the nature of the work would be the track laying and construction of railway track?
- Yogesh Jain:** Yes, construction of railway track.
- SubramaniamYadav:** Okay. And anything on the Western Corridor we are looking?
- Yogesh Jain:** Yes, the one package in Western Corridor is also in RFP stage, so we are trying to have a tie-up with Japanese company for bidding
- SubramaniamYadav:** Okay. Sir and in the Ghaziabad-Aligarh project, currently the ICD at Dadri is already operational, right?
- Yogesh Jain:** Proposed Multi Modal Logistic Hub as part of Delhi-Mumbai Industrial Corridor yet to be implemented at Dadri.
- SubramaniamYadav:** Is any incremental container traffic which is likely to come from there?
- Yogesh Jain:** We are expecting the proposed logistic hub at Dadri would become operational within next three years and once it becomes operational traffic revenue is expected to increase around Rs.20 lakhs to Rs.25 lakhs per day. .
- SubramaniamYadav:** Okay. But currently it is operational, right, some private players already have something there?
- Yogesh Jain:** Currently only a Container Freight Station and few private logistic facilities are operational in and around Dadri.

- SubramaniamYadav:** Okay. So you are expecting when the Western Freight Corridor will come in then the traffic might increase by Rs. 25 lakhs?
- Yogesh Jain:** Both Eastern & Western Freight Corridors including Delhi Mumbai Industrail Corridor.
- SubramaniamYadav:** Okay, fine sir.
- Moderator:** Thank you. Our next question is from Ashish Shah of IDFC Securities. Please go ahead.
- Ashish Shah:** Sir basically can you breakdown the revenues for FY15 project wise broadly, the top three, four projects?
- Management:** You are talking standalone?
- Ashish Shah:** Yes, yes standalone EPC.
- Management:** We will give you separately.
- Moderator:** Thank you. Our next question is from Pankaj Kumar of Kotak Securities. Please go ahead.
- Pankaj Kumar:** Sir my question pertains to what are the bid pipelines that we have in the road EPC segment which you can highlight on the bid pipeline that we have, what are the projects which are coming and where we are participating?
- Yogesh Jain:** We are bidding in three projects in Uttar Pradesh, two projects in Punjab, three projects in Bihar and one is in Madhya Pradesh.. We have also bid one project, in Imphal, Northeast, this is around Rs.800 crores.
- Pankaj Kumar:** Okay. And how about the other projects which you talked about in terms of size in value terms what would be the size of those projects, Varanasi then Aligarh and then Punjab.
- Yogesh Jain:** This project are around Rs.1,000 crores each, so you can say Rs.10000 to 12,000 crores in totality.
- Pankaj Kumar:** Okay. And what is the competitive scenario that you are expecting in these kind of projects, roughly how many bidders you are expecting?
- Yogesh Jain:** We are expecting six to seven bidders in each package..

- Pankaj Kumar:** Okay. And in terms of revenue, we are targeting some 25% to 35% growth in the current year and you said some Rs. 500 crores would come from Agra-Lucknow Expressway, so out of the Rs. 3,400 crores order book Rs. 1,600 crores is Agra-Lucknow Expressway and from there we are expecting Rs. 500 crores, so it means roughly some Rs. 1,400 crores of revenue to come from the balance order book that we have?
- Yogesh Jain:** Yes, including from new projects i.e. Kanpur Airport Runway, in which we are the L1
- Pankaj Kumar:** So these projects are on the verge of completion that's what you are saying?
- Yogesh Jain:** Rs.500 crores we are taking for Agra-Lucknow project is on very conservative side because in third and fourth quarters, we are expecting more revenue from this project.
- Pankaj Kumar:** Sir in our estimation basically what kind of numbers we are expecting from the future projects?
- Yogesh Jain:** In which we are bidding?
- Pankaj Kumar:** Yes.
- Yogesh Jain:** We are expecting EBIDTA margin between 13% to 15%
- Pankaj Kumar:** No, no what I am saying like, because first quarter we have not got any major project and these all projects you expect to be finalized in the second half broadly?
- Yogesh Jain:** We are bidding 10 EPC packages in July with total value of around of Rs.10,000 crores and we are expecting to secure two packages with a value of around Rs. 2,000 crores.
- Pankaj Kumar:** Okay. Then some revenue will flow from this?
- Yogesh Jain:** Yes, some revenue from these packages also expected.
- Pankaj Kumar:** And what is the CAPEX that you are looking at in the current year?
- Management:** Current year around Rs. 25 crores to Rs. 30 crores, then with this CAPEX we can execute upto Rs . 3000 crores to Rs. 3,500crores contracts comfortably.

- Pankaj Kumar:** Okay sir. And any projects that we are looking on the BOT side also?
- Yogesh Jain:** We are not seeing much projects coming on BOT side.
- Moderator:** Thank you. Our next question is from Abhijit Vara of Sundaram Mutual Fund. Please go ahead.
- Madan:** Sir Madan here, sir you mentioned about the circular of overloading trucks being charged higher, so can you explain when this has been enforced upon seriously, I think the circular came long back, was it enforced seriously from last year?
- Yogesh Jain:** Yes, but we are already collecting toll in other BOT projects in Uttar Pradesh for next higher category for overloaded vehicles.
- Management:** In UP as well as in MP also.
- Madan:** So is it right to say that from last year this higher collection has been happening? NHAI circular came when on this?
- Yogesh Jain:** No, this is a gazette notification issued , last year
- Madan:** So last year full year you have been collecting like this?
- Yogesh Jain:** Yes, we are collecting from last year only, after installing the weigh-in motion system at the toll plazas.
- Madan:** Is it right to say that across India all NHAI projects would be doing it right now?
- Yogesh Jain:** Most likely many operators are collecting.
- Madan:** Okay, still not fully enforced, is it?
- Yogesh Jain:** Yes, I think around 90% started collecting..
- Madan:** Okay. And sir on the NHAI side you said some projects are coming up, all are concrete right?
- Yogesh Jain:** Majority are of concrete roads presently.
- Madan:** Is it a requirement that you have to invest something on the fixed asset side because the concrete roads need a different pavers right?

- Yogesh Jain:** No, we have concrete pavers and we are already executing two concrete runways, one in Panagarh and second in Gorakhpur.
- Madan:** So you do not need any extra fixed asset capital expenditure?
- Yogesh Jain:** We don't need much
- Madan:** And then sir what is your outlook on the state sector project sir, we continuously keep hearing from say West Bengal, Tamil Nadu and even I think Andhra Pradesh there are some state sector projects which have been announced, how do you see competition in these projects and would you be interested in bidding them?
- Yogesh Jain:** Competition will be lesser, after three to four months.
- Madan:** Okay. But any state sector projects at the enquiry level right now?
- Yogesh Jain:** So many projects are coming at state level and we are focusing on Punjab, Haryana, and Uttar Pradesh more..
- Madan:** What is the total kilometer size from state sector?
- Yogesh Jain:** In Uttar Pradesh World Bank and ADB also financing some road projects.
- Madan:** Okay. Can you tell us in rupee crores or in kilometer size roughly what sort of state sector projects are building up?
- Yogesh Jain:** If we will talk about Uttar Pradesh, ADB and World Bank are expected to finance around Rs. 3,000 crores worth of projects in this financial year,
- Madan:** Rs.3,000 crores?
- Yogesh Jain:** yes, around Rs.3,000 crores
- Madan:** In Haryana?
- Yogesh Jain:** Not enough information is readily available.
- Madan:** But what about West Bengal and Andhra Pradesh sir, recently cabinet has cleared some projects here?
- Yogesh Jain:** But these projects are not in our knowledge.

- Madan:** That has not come to a bidding stage no?
- Yogesh Jain:** Yes, yes that has not come.
- Madan:** Sir as of now only you are seeing Punjab and UP major activity at the state level?
- Yogesh Jain:** Punjab, UP, Haryana, Bihar, and Madhya Pradesh.
- Madan:** Probably I will call off line, wanted to understand what is the size of the pipeline in the state sector, NHAI we understand for the year the target is to do something like 5,600 kilometers so what is the kind of building up in state sector wanted to understand this, we will probably take it up offline.
- Yogesh Jain:** Okay.
- Moderator:** Thank you. Our next question is from Harshit Sohu of Multiples. Please go ahead.
- HarshitSohu:** Sir my question is, are you facing an increased competition in the bidding, like are you seeing more people bidding for each projects?
- Yogesh Jain:** Yes, five to six companies are bidding in each and every package minimum.
- HarshitSohu:** Sir so has it increased from say about a year back?
- Yogesh Jain:** Not much competition was there earlier but now the competition has increased and we expect it should reduce in the future.
- HarshitSohu:** Sir why is this sudden competition rising in the sector?
- Yogesh Jain:** Only because of launching of the EPC projects by the Authority after a long time .
- HarshitSohu:** Right sir. Sir and the competition has increased across all, like UP, Punjab or is it concentrated at certain locations?
- Yogesh Jain:** Competition is everywhere.
- HarshitSohu:** Okay. So sir who are we currently competing against like say for example UP and Punjab?
- Yogesh Jain:** HCC, Gayatri, L&T and Nagarjuna, Oriental Structures, Afcons are the major bidders.

- Moderator:** Thank you. Our next question is from Naveen Jain of JM Financials. Please go ahead.
- Naveen Jain:** First I wanted to understand from a little medium-term perspective, would we be focusing more on our core geographical areas like Uttar Pradesh and all or are we looking to diversify geographically also going forward?
- Yogesh Jain:** We have worked in all around 13 States, but we are much focused in Uttar Pradesh, Madhya Pradesh, Rajasthan, Haryana, Punjab, and Delhi, where we are having our own strength
- Naveen Jain:** Okay, mostly Northern belt?
- Yogesh Jain:** Yes
- Naveen Jain:** Sir out of our current order book how much is in UP?
- Yogesh Jain:** Mostly in UP
- Naveen Jain:** Sure. Sir secondly I was just looking at our historical margins, so it used to be somewhere about 12% odd in the previous five years except that in FY15 it has gone up to almost closer to about 14%, I am talking about EBITDA margin. So was there any particular reason why the EBITDA margin improved significantly in FY15 and would you expect 14% kind of number to sustain going forward?
- Yogesh Jain:** main reason for increase in the EBITDA margin is due to reduction in the prices of petroleum products.
- Naveen Jain:** Okay. So that should broadly sustain in FY16 at least as of now?
- Yogesh Jain:** Yes, we are expecting broadly in the similar range .
- Naveen Jain:** Sure sir. And sir another question was on the BOT projects, so out of our operational BOT projects is there any project currently which needs temporary loss funding kind of a thing or cash flow funding till the time revenue picks up?
- Yogesh Jain:** No, but if there is any delay in receiving grant or annuity from the authority, we may have to support the cash flows temporarily. .

- Yogesh Jain:** No, in all the SPVs this year it was loss of Rs.8 crores only, but in BOT project initial years there will be a PAT loss, but in two or three projects which we are executing like MP Highway and Narela there is no cash loss. But after considering the depreciation, hardly there is any loss and we are servicing the debt comfortably,
- Naveen Jain:** Sure sir. Sir the equity that we have funded for all the BOT projects I think you mentioned Rs. 488 crores,
- Yogesh Jain:** Yes, equity we have infused was Rs. 488 crores in all the projects.
- Moderator:** Thank you. Our next question is a follow-up from SubramaniumYadav of Subhkam Ventures. Please go ahead.
- SubramaniumYadav:** Sir when we are executing the projects in the Northeast like we have bided in Imphal, is the margin there higher or how is it?
- Yogesh Jain:** We are expecting around 15% EBIDTA margin from this package, if we secure.
- SubramaniumYadav:** Militant risk is there or not because a lot of the areas are normally militant occupied, so how is it working there?
- Yogesh Jain:** We have already completed one project in Northeast and also taken a local partner for this project.
- SubramaniumYadav:** Okay. And sir out of the current order book how much is the transmission order we have?
- Yogesh Jain:** Transmission order is hardly 1%, you can say.
- SubramaniumYadav:** 1%, okay. Are we bidding in this segment or how is it? Lot of bids are coming in transmission side, so.
- Yogesh Jain:** We are looking for right opportunities, but in road sector there are lot of opportunities now a days.
- SubramaniumYadav:** Okay, so it is not a focus area, maybe I think it is not a good margin business?
- Yogesh Jain:** Yes, transmission of not our focus area.
- SubramaniumYadav:** Okay. So currently we have not bid for anything, right?
- Yogesh Jain:** Yes.

Moderator: Thank you. Ladies and Gentlemen, that was our last question. I now hand the floor back to Mr. Parvez Akhtar Qazi for closing comments. Over to you, sir.

Parvez Akhtar Qazi: Thank you everyone for attending this conference call and we also thank the management of PNC Infratech for giving the opportunity to host the call. Thank you and good bye.

Moderator: Thank you. On behalf of Edelweiss Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.