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Date: 28.05.2024

To,
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P.J. Towers,
Dalal Street, Mumbai-400 001
Scrip code:539150

To,
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, BandraKurla Complex,
Bandra (East), Mumbai-400 051
NSE Symbol: PNCINFRA

Dear Sir,

Sub- Transcript of Q4 FY2024 Earnings Conference Call on Financial Results for the quarter and year ended 31stMarch 2024.

Pursuant to Regulation 30 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the transcript of an earnings conference call on Financial Results for the quarter and year ended 31stMarch 2024 held on Saturday, 25th May 2024.

You are requested to take this information on your record.

Thanking you,

For PNC Infratech Limited

Tapan Jain
Company Secretary & Compliance Officer
M. No.: A22603
Encl: a/a



“PNC Infratech Limited
Q4 FY '24 Earnings Conference Call”
May 25, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th May 2024 will prevail.

MANAGEMENT: **MR. YOGESH KUMAR JAIN – MANAGING DIRECTOR –
PNC INFRATECH LIMITED**
**MR. T.R. RAO – DIRECTOR, INFRA – PNC INFRATECH
LIMITED**
**MR. D. K. AGARWAL – CHIEF FINANCIAL OFFICER –
PNC INFRATECH LIMITED**
**MR. D. K. MAHESHWARI – VICE PRESIDENT, FINANCE
– PNC INFRATECH LIMITED**

MODERATOR: **MR. VIKRAM SURYAVANSHI – PHILLIP CAPITAL INDIA
PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the PNC Infratech Limited Q4 FY '24 Earnings Conference Call hosted by PhillipCapital India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone telephone.

Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company, which are based on 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.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital India Private Limited. Thank you, and over to you, sir.

Vikram Suryavanshi Thank you, Lisa. Good afternoon, and very warm welcome to everyone. On behalf of PhillipCapital, I am pleased to welcome you all on the PNC Infratech Limited fourth quarter FY '24 earnings conference call. We have with us Managing Director of the company, Mr. Yogesh Jain, along with senior management team. We'll begin with the opening remarks from the management, followed by interactive question and answer session. Over to you, sir, for opening comments.

Yogesh Kumar Jain: Good afternoon 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 and Company's website for your reference.

Initially, I would like to mention key updates of the industry, followed by operational developments of the Company and highlights of financial performance during the 4th quarter and for financial year 24, post which we will be happy to answer your questions.

- ✓ During the financial year 2023-24, MoRTH including NHAI and NHIDCL constructed 12,349 kilometres of national highways, marking the second-highest aggregate route length constructed in a year, in its history.
- ✓ However, as per the industry reports, road construction activities during financial year 25 would be lesser and will be in range between 11,100 km and 11,500 km.
- ✓ This anticipated decline compared to financial year 24 is largely attributed too much slowdown in projects awarding process during financial year 24, persistent land acquisition and other issues in already awarded projects.

- ✓ As far as NHAI is concerned, during financial year 24, 6,644 km length of national highways constructed exceeding the target of 6,544 kms set forth, which is higher by nearly 20% as compared to 5,544 kms constructed by NHAI during the financial year 23.
- ✓ MoRTH announced plans to integrate an additional 6,000 kilometres of high-speed highways into the country's national highway network. This ambitious initiative will tremendously improve connectivity and increase efficiency of transportation across the geographies of country.
- ✓ As mentioned earlier, on new contracts awarding front, the sector witnessed very subdued activity during the entire financial year 24.
- ✓ Slowdown in new projects awarding activity will have significant negative impact on the industry over the next two years particularly in achieving the construction targets and revenues by both authorities as well as by developers.
- ✓ However, the industry is hopeful that bidding and awarding activities will pick-up after the conclusion of on-going General Elections and large number of projects would be awarded during financial year 25.

Now coming to the recent updates on the company:

- ✓ On 16th May 2024, Company's Subsidiary M.P. Highways Pvt. Ltd. received communication from MPRDC, Authority conveying approval for the extension of Concession Period for Gwalior-Bhind BOT-Toll Project by 2 years 9 months 18 days i.e. up to 25th March 2028.
- ✓ On 8th March 2024, Company received 'Completion Certificate' from NHAI for Lucknow Ring Road EPC Project of value Rs. 1,069 crores effecting from 29th February 2024
- ✓ On 7th May 2024, Company received Provisional Completion Certificate for Meerut – Najibabad HAM Project from NHAI with effect from 4th May 2024.
- ✓ Company executed Concession Agreement with MPRDC for Western Bhopal Bypass HAM Project on 7th March 2024.
- ✓ On 26th February 2024, Madhya Pradesh Public Works Department awarded an EPC Contract namely construction of an elevated corridor in Gwalior for a contract value of Rs. 699 crores.
- ✓ Company's strong balance sheet and financial prudence continue to result in credit rating upgrades which enables Company to secure debt at competitive rates.

Moving on to the operational and financial performance of the company

- ✓ Out of the company's 28 fund-based projects, 3 are BOT-Toll projects, 2 are BOT Annuity Projects and 23 are HAM projects.
- ✓ Aggregate Bid Project Cost of 23 HAM projects is around Rs. 30,000 crores, which is one of the largest highway HAM project portfolios in the country.
- ✓ Out of a total 23 HAM projects,
 - Company achieved PCOD/COD for **TEN** projects,
 - **NINE** projects are under construction,
 - **THREE** projects achieved financial closure and appointed dates yet to be declared
 - For **ONE** project, Company executed concession agreement in March 24
- ✓ Regarding equity investment, total requirement for the 23 HAM projects is Rs. 3,092 crore.
- ✓ As of March 2024, Company already invested Rs. 1,975 crores and the remaining equity of Rs.1,117 crores is to be invested over 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 above equity investment requirements.

Now moving on to our order book

- ✓ As of 31st March 2024, the company's unexecuted order book stands at Rs. 15,490 crores which does not include the contract value of 2 EPC contracts recently secured for an aggregate value of Rs. 4,994 Crores. Upon inclusion of these 2 EPC projects, our unexecuted order book would be over Rs. 20,400 Crores which is 2.7 times of FY 24 Revenue.
- ✓ Out of the unexecuted order book of Rs. 15,490 Crores, highway and expressway contracts contribute around 70%, while water & canal projects contribute around 30%.
- ✓ Substantial progress achieved in Rural Drinking Water Projects under the Jal Jeevan Mission (JJM) during the financial year 24 by Company.
- ✓ During FY24, Company has booked a total revenue of Rs. 1,906 crores in the drinking water segment, while during the 4th quarter booked a revenue of Rs. 555 crores.

ARBITRATION AWARDS

I would like to share that one of the Company's subsidiaries namely PNC Kanpur Highways Ltd executed a settlement agreement with NHAI on 9th May 2024 for Rs 398.6 crores under the 'Vivad Se Vishwas II' scheme, which is expected to be received in Q1 of FY 25.

Further, another subsidiary of Company namely PNC Raebareli Highways Pvt Ltd **received** Rs. 117.15 crores from NHAI in April 2024 pursuant to a settlement agreement executed with NHAI 'Vivad Se Vishwas II' scheme.

Now I would present the results for the quarter ended March 31, 2024 and FY24.

Before discussing financial performance, I would also like to highlight that during 1st Quarter of FY23, the company received Rs. 37 crore towards bonus for early completion of Purvanchal Expressway (Package VI) is included in the revenue for FY23.

Whereas, during FY24, the company has received Rs. 297 crores towards arbitration award for 2 projects Dholpur-Morena of NHAI and Gurgaon-Nuh-Rajasthan Border of HSRDC.

I would also like to highlight that FY23 includes Revenue of Rs. 251 crores from Eastern Peripheral Expressway project which is not adjusted from FY23 financials.

Standalone Quarterly Results:

Revenue for the 4th quarter of FY24 is Rs. 2,342 crore which is higher by 11% as compared to Rs. 2,115 crores in the 4th quarter of FY23.

The EBITDA for the 4th quarter is Rs. 565 crores which is higher by 101% as compared to Rs. 281 crores in the 4th quarter of FY23. The EBITDA margin for the 4th quarter of FY24 is 24.1%.

The profit for the 4th quarter of FY24 is Rs. 402 crores as compared to Rs. 184 crores in the 4th quarter of FY23, a growth of 118% on a YOY basis. The PAT margin for the 4th quarter of FY24 is 17.2%.

Standalone FY24 Results:

The standalone revenue for FY24 is Rs. 7,699 crores which is higher by 9% as compared to Rs. 7,061 crores in FY23.

The standalone EBITDA of FY24 is Rs. 1,277 crores which is higher by 34% as compared to Rs. 954 crores in FY23.

The standalone profit for FY24 is Rs. 850 crores as compared to Rs. 611 crores in FY23, with a growth of 39%. The PAT margin for FY24 is 11.0%.

Consolidated Quarterly Results:

Consolidated revenue of 4th quarter of FY24 is Rs. 2,600 crores as compared to Rs. 2,305 crores in 4th quarter of FY23, a growth of 13%.

The consolidated EBITDA for the 4th quarter of FY24 is Rs. 736 crores as compared to Rs. 411 crores in the 4th quarter of FY23, a growth of 79%. The EBITDA margin for 4th quarter of FY24 is 28.3%.

The consolidated PAT for 4th quarter of FY24 is Rs. 396 crores as compared to Rs. 146 crores in 4th quarter of FY23, a growth of 171%. The PAT margin for the 4th quarter of FY24 is 15.2%.

Consolidated FY 24 Results:

The consolidated revenue for FY24 is Rs. 8,650 crores which is higher by 9% as compared to Rs. 7,956 crores in FY23.

The consolidated EBITDA for FY24 is Rs. 2,005 crores as compared to Rs. 1,600 crores in FY23, a growth of 25%. The EBITDA margin for FY24 is 23.2%.

The consolidated profit for FY24 is Rs. 909 crores as compared to Rs. 658 crores in FY23 a growth of 38%. The PAT margin for FY24 is 10.5%.

ON THE STANDALONE BALANCE SHEET SIDE,

As on 31st March 2024, our net working capital cycle is 102 days as compared to 106 days as on 31st March 2023.

Our net worth on standalone basis is Rs. 4,781 crores as on 31st March 2024, whereas total standalone debt is Rs. 382 crore.

The total cash and bank balance as on 31st March 2024 is Rs. 616 crores. We have a net surplus of Rs. 234 crore. This translates to net debt to equity of 0.08 times.

On Consolidated Basis, our net worth is Rs. 5,185 crores whereas total debt is Rs. 8,016 crores as on 31st March 2024. The total cash & bank balance including current investments is Rs. 1,793 crores. This translates to net debt to equity of 1.52 times.

With this, we now open the floor for question-answers. Thank you.

Moderator: The first question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Sir, just first on the guidance front. So on the revenue front, what's the guidance for FY '25 and EBITDA margin. Hopefully, you will be maintaining at 13%-13.5%, and also on the order info front, given the kind of INR5,000 crores that we have already received, how much more we are likely to get, and if also possible, in terms of segment HAM, toll, or the water and the other segment, if possible?

T. R. Rao: Thank you. See, for FY '25, we express our guidance of 10% over FY '24, given the prevalent position. And EBITDA, as the industry knows that the competition has increased, particularly during the last 2 to 3 years, so to secure the projects and all, then we have to be also competitive as far as the industry. So the EBITDA margin for the FY '25, we are expecting around 12% to 12.5%, which is slightly lesser than what earlier.

And on the business development front, as you had said that we had already secured INR5,000 crores worth of projects. So we are expecting another INR8,000 crores to INR10,000 crores of new projects before end of FY '25, because a robust pipeline of projects are there, which are for bidding. Yes, as far as the mix of bidding is concerned, we'll continue to bid EPC and HAM projects, which will be our priority.

And we are also looking at the BOT opportunities. But there, we'll be very cautious and would like to be very comfortable in case of BOT toll projects, where the revenue risk is important.

Shravan Shah: Sir, when we are saying that we are lowering our EBITDA margin from 13%-13.5% to 12%-12.5%, given whatever the orders that we have received, that will be flowing into revenue this year. The new orders maybe will not be contributing that much. So does that mean that the new orders are even coming at much lesser margin? And maybe, going forward, from FY '26, maybe this margin number can further come down to 11%-11.5%?

T. R. Rao: No, we don't expect that it will further come down to 11%-11.5% going forward during the FY '26 and onwards. But this also, 12.5%, we are expressing that we'll be executing the new projects also, a sizable amount during the FY '25. The new projects, as we said that the competition is at a higher level, so we'll be bidding more competitively. So as far as the existing projects are there, that will be around 13%. The mix overall would be around 12.5%. And we don't expect that this will come down further sizably during FY '26 and going forward.

Shravan Shah: Okay. Got it. Secondly, needed a couple of data points of project-wise order book, and equity for '25, '26 and '27, if possible. And before that, if possible, 10% growth on the revenue we are looking at for FY '25. For FY '26, if we get another INR10,000 crores, INR15,000 crores, then also for '26 also similar kind of growth, or it can be a much higher growth that we can look at in FY '26?

T. R. Rao: It would be speculative as of now to say how these things will unfold. But the growth will not be less than 10% in FY '26.

Shravan Shah: Yes. Sir, first in terms of the equity breakup of '25, '26, '27, and then the project-wise order book, I will ask.

D. K. Maheshwari: So total equity requirement on 31 March is INR1,117 crores, and out of that INR640 crores will be required to infuse in the year FY '25, INR330 crores in FY '26, and INR145 crores in FY '27.

Shravan Shah: Okay. And in terms of the project-wise order book, so first is, irrigation project is how much?

D. K. Maheshwari: Irrigation is INR932 crores, sir.

Shravan Shah: INR932 crores. Second is this Hardoi project, which was INR424 crores as on December?

D. K. Maheshwari: It is, Hardoi, INR268 crores; and Mathura Bypass Hathras is INR184 crores, Chalakere INR92 crores.

Shravan Shah: Okay. This Gaju Village-Devinagar is INR168 crores?

- D. K. Maheshwari:** Yes.
- Shravan Shah:** Okay, INR168 crores. And Haryana Rail project?
- D. K. Maheshwari:** Yes, INR745 crores.
- Shravan Shah:** INR745 crores. Okay. Got it. And retention money, mobilization advance, and HAM debtors, sir?
- D. K. Maheshwari:** Advance from client is INR217 crores and retention is INR130 crores, sir.
- Shravan Shah:** INR130 crores. HAM debtors and water debtors, if possible?
- D. K. Maheshwari:** HAM debtors is INR660 crores.
- Shravan Shah:** Okay. And water debtors, sir?
- D. K. Maheshwari:** It is INR920 crores, sir.
- Moderator:** The next question is from the line of Siddharth Shah from Max Overseas.
- Siddharth Shah:** Sir, there was an asset monetization of 12 projects that you had announced a few months back. Can you please tell us when is that money going to be received? And any debt reduction plans of the company?
- D. K. Maheshwari:** As we have discussed earlier that there are two phases in our monetization. Out of 12 projects, in first phase there are 7 projects and in second phase, there are 5 projects. There are certain condition precedents which we have to fulfil, and major are NOC from lenders and NOC from NHAI. So majority of the lenders of first tranche assets have already been received and others are expected within the next 4 to 6 weeks.
- And as regards to the NOC from NHAI, financial consultants of NHAI reviewed the NOC application and observations made by them have already been clarified, compiled with. We are closely following up with finance, concerned technical department, and project implementation unit of NHAI. For accrediting the approval process, NOC from NHAI for the first tranche is expected by middle of July. So we expect that we should receive the payment of first tranche, which is INR5,015 crores enterprise value, by 30th of September.
- Siddharth Shah:** Okay. And sir, any debt reduction plans after this money is received?
- D. K. Maheshwari:** Certainly. The total debt in 12 projects is INR6,479 crores. Yes, yes, it will reduce directly.
- Moderator:** We'll move on to the next question that is from the line of Bharani Vijayakumar from Avendus.
- Bharani Vijayakumar:** What is the order inflow that we saw in FY '24 for PNC in rupees crores?

- T R Rao:** As our MD has mentioned, the awarding activity during the FY '24 was very subdued. So we got 1 HAM project of INR1,174 crores. And we got 1 EPC project of INR699 crores, which comes to INR1,873 crores. That was the order inflow during the FY '24.
- Bharani Vijayakumar:** Okay. And how much was the awarding done by NHAI in kilometres in '24?
- T R Rao:** That we don't have readily -- figures are not readily available with us. We'll share you separately. But however, whatever the awarding target of NHAI was set forth before beginning of FY '24, what award they made is much lesser than that was set forth.
- Bharani Vijayakumar:** And according to you, how much is the near-term bidding pipeline of NHAI, say, in EPC, HAM, and the BOT separately, sir, where we would be bidding?
- T R Rao:** See, there is around -- over 90 projects we have identified for evaluation, comprising 20 EPC projects, around 60 HAM projects, and 30 DBFOT toll projects, for a total value of more than INR100,000 crores. That's what -- otherwise, out of that -- see, maybe next 2, 3 months, these projects is to bid out, but as NHAI as a whole, they floated more than 150 projects with an aggregate value of INR1.5 lakh crores. So the projects identified by us for bidding would be around INR1 lakh crores worth of projects.
- Bharani Vijayakumar:** Okay. And you're telling it would be without -- this 150 number of projects would be bid out in FY '25?
- T R Rao:** Yes, yes.
- Bharani Vijayakumar:** Okay. Do you see any preference for BOT projects first before EPC and HAM projects are awarded?
- T R Rao:** No, no. Our order of preference would be in the sequence of EPC is our first preference, followed by HAM, then our last preference would be BOT toll.
- Bharani Vijayakumar:** I'm asking for NHAI, sir. So is NHAI going to prefer BOT?
- T R Rao:** NHAI would definitely prefer BOT, but NHAI is also, and ministry is also having an internal evaluation system. Until and unless BOT projects are viable on a stand-alone basis within limited grant that what they'll be providing, so otherwise, they are going on a HAM mode, because BOT projects would be self-sustaining and sufficient revenue should be coming from them. So they just can't go for a BOT project -- BOT mode for all the projects what they're envisaging.
- Bharani Vijayakumar:** Okay. And in the recent MSRDC projects that we won, how much was the competition and how much margins we are expected to make, sir?
- T R Rao:** There was a substantial competition by all big players. And there, we are expecting an EBITDA margin of, as we said, between 12.5% and 13%.

- Bharani Vijayakumar:** Okay. Last question on this arbitration that we received on the Vivad Se Vishwas scheme. So this arbitration money we had booked in '24, that is 4Q FY '24. Has it been received by us or yet to be received?
- Yogesh Kumar Jain:** A fair amount we have received already.
- T R Rao:** FY '24, we received before 31st March, that is on 31st.
- Yogesh Kumar Jain:** It is. INR255 crores.
- T R Rao:** In 1 of the projects in Vivad Se Vishwas, it's INR255 crores. Apart from, we also received INR45 crores in another project of EPC of HSRDC.
- Bharani Vijayakumar:** And what would be the adjusted PAT and EBITDA for FY '25 apart from this arbitration?
- T R Rao:** As I said, that will be 12.5%. If you don't consider the arbitration awards that we'll be getting during FY '25.
- Bharani Vijayakumar:** Sorry, I asked for '24, what would be the adjusted EBITDA and PAT?
- T R Rao:** Yes, '24, I stand correct, it was 13.13%.
- Bharani Vijayakumar:** Absolute number can you give sir, EBITDA and PAT, adjusted for the one-off income, sir?
- D. K. Maheshwari:** It is INR980 crores, without taking the consideration of arbitration,
- Bharani Vijayakumar:** INR980 crores. And PAT?
- D. K. Maheshwari:** PAT is INR630 crores.
- Moderator:** The next question is from the line of Rohan Kamath from Tiger Asset.
- Rohan Kamath:** I have two questions. One is, could you provide me details of industry-wise breakup of the current order inflow?
- T R Rao:** The expected order inflow you are telling?
- Rohan Kamath:** Yes, I want to know that could you provide a detailed industry-wise breakup of the current order inflow?
- T R Rao:** So see, whatever unexecuted order book is there, as mentioned by my colleague, more than 70% is the highway and expressway projects and around 30% is from our rural drinking water and AP Canal project. So that is the only two segments primarily we are operating, only the roads and highways and another is the rural drinking water and a small irrigation project. That is the breakup.
- Rohan Kamath:** Okay. And I want to know what is your order inflow guidance for FY '25?

- T R Rao:** FY '25, we have already received projects worth of INR5,000 crores we secured -- L1. And apart from that, we are expecting another INR8,000 crores to INR10,000 crores. So the cumulative, it would be around INR13,000 crores to INR15,000 crores during FY '25, order inflow.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial Limited.
- Vaibhav Shah:** Sir, if I remove the exceptional part from the revenue for the quarter 4, so there was a 3% decline in the total revenue. There was a significant growth in the water revenue on a Y-o-Y basis. So what has led to the weak revenue on the highway side? Is there any project specific issues in the quarter 4?
- T R Rao:** See, quarter 4 of FY '24 vis-a-vis the quarter 4 of FY '23, what has happened, during the quarter 4, we got the PCODs for quite a few projects, starting from November and October. So these projects we achieved and completed, so the revenues were a bit lesser compared to FY '23, when these projects were peak in its execution from particularly in the road sector. So there is a very marginal decline in Q4 of FY '24 in comparison to Q4 of FY '23. Otherwise, there is no other major reason. That time those projects were in peak. Now those projects are in a completion stage.
- Vaibhav Shah:** So sir, are there any slow-moving projects in the order backlog right now, which are under execution?
- T R Rao:** No. Almost all projects are going as per the schedule only. There is no major slowdowns in any particular project.
- Vaibhav Shah:** And sir, for the JJM projects, what revenue do we expect for FY '25?
- T R Rao:** For FY '25, our guidance for the JJM is INR2,500 crores.
- Vaibhav Shah:** Okay. And sir, when do we expect to receive the ADs for the HAM project, for the 4 HAMs?
- T R Rao:** See. One of the 3 HAM projects, that is Varanasi to Kolkata, we are expecting maybe in a couple of months, maybe before July. And the other two projects, land acquisition is in progress. So we expect in the current financial year. And similarly, for Western Bhopal Bypass of MPRDC, we executed concession agreement in the month of March. So NHAI has got time to finally declare the appointed date and financials for this. So that also we are expecting in Q3, appointed date.
- Vaibhav Shah:** Okay. And sir, lastly, when do we expect to start the work for the MSRDC project?
- T R Rao:** See, now...
- Yogesh Kumar Jain:** Last quarter -- we are expecting in last quarter of current financial year.
- Vaibhav Shah:** In the last quarter or the third quarter?
- Yogesh Kumar Jain:** Yes, last quarter.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.

- Parikshit Kandpal:** Sir, my first question is on the Phase 1 of EV, which is INR5,015 crores. So how much is the equity value in this, which you will realize?
- D. K. Maheshwari:** Equity value, first phase is around INR1,000 crores.
- Parikshit Kandpal:** How much, sir?
- D. K. Maheshwari:** INR1,000 crores -- INR999 crores.
- Parikshit Kandpal:** This is our receivable which you will get, right, and rest INR4,000 crores will go towards that?
- D. K. Maheshwari:** Yes, INR1,000 crores equity we have infused, and we are expected to receive around -- INR5,015 crores is the enterprise value.
- Parikshit Kandpal:** Okay. So in that, how much is the debt, sir? That is what I'm asking. Out of INR5,015 crores, how much is debt?
- D. K. Maheshwari:** INR3,560 crores.
- Parikshit Kandpal:** Okay. So INR5,015 crores minus INR3,560 crores is the equity realization or the inflow to you.
- D. K. Maheshwari:** Right.
- Parikshit Kandpal:** Okay. And second question is on the bid pipeline, sir. So if you can help us understand what is the bid pipeline segment-wise in the state of UP, both on the state side and NHAI side?
- T R Rao:** We have a big pipeline. As we mentioned, around 150 projects, NHAI has floated. Out of that, we identified around 100 projects. But right now, the state-wise breakup is not readily available. We'll share with you separately.
- Parikshit Kandpal:** But what about the state projects, any majors? Like after Ganga Expressway, do you think any other projects are lined up for the state of UP in metro, water, or JJM, state highways, any pipeline there which you can initialize or see in the next 6 months?
- T R Rao:** No. As of now, none of the states have declared any major projects announced, particularly in the road sector.
- Parikshit Kandpal:** What about the JJM pipeline, sir? Any sense on the JJM pipeline for UP state?
- T R Rao:** In UP, almost all 5 phases they awarded. UP, we don't see. We need to see the other states, but the clarity will emerge only post general elections, because the governments are not coming out with any concrete plan until general elections get over. So only in the next quarter, we'll be in a better position to assess what could be the bidding opportunities across the sectors.
- Parikshit Kandpal:** Now you're highlighting, sir, INR15,000 crores of inflows, when this year is expected to be a truncated year towards ordering. What gives you so much of confidence? Because we don't see any major projects announcement by state government. So you have already won INR5,000 crores, but another INR10,000 crores, you need to rely heavily on how NHAI does. And in that,

you are also focusing more on EPC and HAM. So in absence of any major state projects, how do you think that you will reach that number of INR15,000 crores?

T R Rao: See, historically, our revenues and our BD has been from the NHAI only, if you see it. And now, as I said, 150 projects, which amounts to INR1.5 lakh crores. As our Managing Director said, there are 6,000 kilometres of high-speed highways, which would roughly translate into INR2.5 lakh crores to INR3 lakh crores. Definitely, government will expedite these projects. So we are a bit confident that the total pipeline during the FY '25 would be more than INR 2 lakh crores. It could be even touching INR3 lakh crores. In that sense that what we are assuming, INR8000 crores to INR10,000 crores is not an unrealistic figure.

Parikshit Kandpal: Okay. Sir, just the last question on this Vivad se Vishwas scheme. So how much is the total pending collection claims, which is yet to be recognized or received, though it has been awarded or settled, but yet to be recognized, and when do you expect it?

T R Rao: We have actually received INR398.6 crores, for which we have signed the settlement agreement with NHAI. That we are expecting maybe next 10 to 15 days, we are expecting realization of the said money. It is INR398.6 crores.

Parikshit Kandpal: So this is over and above the INR255 crores you have already received in Q4, right?

T R Rao: Yes. This is over and above INR255 crores we received during FY '24, and also INR117.15 crores we have received during Q1 of FY '25. Apart from INR255 crores, we had also received INR117.15 crores in April 2024, that means Q1 of FY '25, which will reflect in Q1 results.

D. K. Maheshwari: Actually, in FY '25, we are expecting in PNC, INR378 crores in two projects, Kanpur-Kabrai and Raebareli-Jaunpur, in PNC books.

T R Rao: And remaining in SPVs.

Parikshit Kandpal: So remaining in SPVs.

Parikshit Kandpal: So just to reconcile, INR255 crores has been due in Q4, INR117 crores you've received in April, INR398 crores is expected in the next 10 to 15 days. And beyond that, is there anything else which is there in our favour yet to be like closed or signed?

T R Rao: No, because there are only 3 projects which qualify for settlement under the Vivad se Vishwas scheme II.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi.

Prem Khurana: My first question was with respect to our water orders. If I heard you right, you said you have almost around INR900-odd crores of debtors from water orders. And if I remember, this is against INR1,900 crores of revenues that you've done, which works out to be almost 180 days sort of cycle. So is it in line with how you anticipate it to be, or would you say this is higher than what you would have envisaged at the time of bidding for each project.

Because when I see it, this INR900 crores technically means, I mean some of these payments have been due for more than 4, 5 months, because the last two quarters together you've done almost around INR1,100-odd crores of revenue. So do you see this to correct, or this would remain like this next year as well, the cycle, the debtor's cycle with water orders?

T R Rao:

No, no. That debtor cycle has not been like that. We are having this constraint, we are facing issue only in the Q4. What has happened, whatever billing we have done, we have done around INR500 plus crores of billing during the Q4 by March 31, and what has happened, after the announcement of elections, and also the present government only passed the vote-on-account budget for 3 months, that is up to June, with a very limited allocation in the Jal Shakti Ministry and the Jal Jeevan Mission. So the whole project, 50% grant is provided by Government of India, and the remaining 50% matching grant is given by the state government.

Because of the vote-on-account and the limited budget allocation, so there is a paucity of funds from the central government, which is resulting in the slowdown in the disbursement. This month, Government of India has released INR1,800 crores and matching grant of another INR1,800 crores released by state government. We are gradually getting the payments. So once the general elections are over and once the full-fledged budget is presented and approved by the parliament before 30th of June, going forward, from July onwards, the payments will be streamlined, and we don't foresee that any major issue in getting the repayments on the Jal Jeevan Mission.

Prem Khurana:

Sure. Sir, would it be fair to assume that June, again, the debtors would be on elevated side, because, I mean, till you get to see the central government get settled, till then it will be a little slow in terms of payment cycle, right?

T R Rao:

Yes, yes. It's only temporary phenomenon. Due to general elections and since the outgoing government was able to pass only vote-on account budget for 3 months.

Prem Khurana:

And when I look at the presentation, so our net working capital cycle has gone up from some 73-odd days to 102 on a sequential basis, I mean, compared to what was reported in the presentation for the 9 months. So this entirely would be on account of this water order, or we've seen some buildup on roadside as well?

D. K. Maheshwari:

It is mainly on account of the water debtors. If you will compare with the March '23, it has reduced from 106 days to 102 days, sir.

Prem Khurana:

Sure, sure. And sir, so these MSRDC orders that we've emerged L1 with, I mean, what I gather is, I mean, most of the bids are almost 30%, 40% higher than the base cost estimate. I mean, could there be a situation wherein the government comes and starts negotiating with the successful bidder, or you need them to kind of go ahead with the same bid they've placed? Because last time when you had similar sort of situation with somebody, there were some sort of renegotiations, right?

So fair to assume, given the fact that it's substantially higher than what they were envisaging or what the base cost estimate was, I mean, will you get to have some sort of renegotiations again?

and which could mean, I mean, it could take a little longer than what you generally would build into kind of start execution at the ground?

Yogesh Kumar Jain: We are expecting negotiation. But we have not received any letter from MSRDC until now.

Prem Khurana: Okay, sure. And the third one was on this arbitration claim under Vivad se Vishwas. So the balance money, which is, I mean, the INR117-odd crores that you received in April and then another INR390 crores or INR400-odd crores are supposed to be with the SPVs, right? And the money would flow through to the parent, right, which is how it will work. So only INR378 crores out of this INR500-odd crores plus would reflect in stand-alone. So do we have any receivables due from the SPVs, against which this money, INR378 crores, would come to us? Or how would the pass-through be? Do we have any costs reflecting in our books of account for this INR378-odd crores in the stand-alone entity?

Yogesh Kumar Jain: No, no. There is no cost on that. Entire will be the EBITDA only.

Prem Khurana: Okay. And sir, how would the tax structure work then in this case? Because the SPVs would receive the money. They'll book that as a part of the income statement, pay taxes, and then the money would come to us, again would be booked in income statement. Is it? Or how would the tax part work with the arbitration claims?

T R Rao: See, these arbitration claims, whatever SPVs write are comprising both the EPC claims as well as the claims belong to SPV. When SPV receives the total amount, the EPC portion will be transferred to the EPC contractor. That will not have any tax impact on the SPV. Whatever the net amount SPV is retaining belongs to SPV will have a tax impact.

Moderator: The next question is from the line of Jiten Rushi from Axis Capital.

Jiten Rushi: First of all, congratulations on the win of MSRDC orders. Sir, my first question is you had said that your FY '24 PAT is INR631 crores. Am I right, sir? After the adjustment for this arbitration claims?

D. K. Maheshwari: Yes.

Jiten Rushi: So what is the tax which you paid on the Vivad se Vishwas claims, which you received, INR296 crores?

D. K. Maheshwari: It's 25.168% sir, normal tax rate.

Jiten Rushi: Normal tax rate, okay. And sir, on the capex, so what was the capex guidance for FY '25?

D. K. Maheshwari: Last year, we have taken around INR46 crores. And this year, we are expecting INR100 crores to INR120 crores capex.

Jiten Rushi: This capex is largely for the MSRDC project, or this is for the inflows which you are targeting, back-ended CAPEX?

D. K. Maheshwari: For new HAM projects and MSRDC, both.

- Jiten Rushi:** And sir, on appointed date, so just want to clarify, for the Varanasi package II and III, when do we expect the appointed date, and the package VI?
- T R Rao:** Package VI, as we said that maybe within next two months, we'll get the appointed date, we are expected to get the appointed date for Package VI. And package II and III may take further time, but overall, we are expecting appointed dates declaration by end of this financial year for both the remaining packages.
- Jiten Rushi:** Okay. So by Q4, we can expect for II and III, and VI by Q2 probably. And you said...
- T. R. Rao:** February.
- Jiten Rushi:** Okay, February. Got it. And sir, the enterprise value for the Phase II, can you highlight what is the enterprise value? And then can you break it down in terms of the equity and debt?
- D. K. Maheshwari:** Enterprise value of first phase is INR5,015 crores, and of second phase is INR3,990 crores.
- Jiten Rushi:** Okay. What would be the debt and equity for the second phase?
- D. K. Maheshwari:** Second phase debt is INR2,920 crores and first phase is INR3,559 crores. The total is INR6,479 crores.
- Jiten Rushi:** Sorry, I missed it, sir. You said first phase debt is INR2,920 crores, right, sir?
- D. K. Maheshwari:** No, second phase, INR2,920 crores.
- Jiten Rushi:** INR2,920 crores, second phase. And equity would be how much sir? Second phase?
- D. K. Maheshwari:** Second phase, INR740 crores, we have infused.
- Jiten Rushi:** INR740 crores. And what you are expecting the EV, total -- EV is the INR3,990 crores, which you will receive?
- D. K. Maheshwari:** Yes.
- Jiten Rushi:** So basically, against the EV of INR3,660 crores, you will receive an EV of INR3,990 crores. Correct, sir?
- D. K. Maheshwari:** No, first phase debt is INR3,559 crores and EV is INR5,015 crores, first phase.
- Jiten Rushi:** Okay.
- D. K. Maheshwari:** And second phase, debt is INR2,920 crores and EV is INR3,990 crores.
- Jiten Rushi:** Right. And the equity which you will invest is INR740 crores, that is what you said, right, sir?
- D. K. Maheshwari:** In the second phase, yes.

- Jiten Rushi:** Got it. And sir, in terms of the guidance, so if you say that 10% growth you expect in FY '26. So bulk of the revenue should come in, in H2 FY '26. So like can we see that in MSRDC we can see the pickup in execution, because, sir, the ordering has happened in the first quarter. And these are the EPC projects, the land acquisition should be faster. Can we not start these projects in H2, like Q3 other than Q4 and we can push the revenue growth high in FY '25 also?
- T R Rao:** See, these projects are essentially in a greenfield nature, because the land acquisition has to be done and then some further approvals and other things will be there. So what we are hopefully expecting, there will be some sizable amount we'll be doing. Some sizable quantity of work we'll be doing in Q4, which would be realistic. Q3, we don't expect any significant work will be executed. Before that even agreement signing and other things will happen.
- Jiten Rushi:** Sir, land is acquired or what is the status of land there, sir?
- T R Rao:** Some of the land is available and the remaining land has to be acquired. This is in progress.
- Jiten Rushi:** Okay. And sir, in terms of the growth for '26, like again, you said 10%, but now with high inflows, which you're targeting, and we have received inflows of MSRDC, which is front ended. So don't you think the growth and appointed dates also for the 4 projects and 1 EPC projects of Gwalior, we expect this year. So FY '26 should be better in terms of execution and growth over FY '25, if at all, can we have 15%, 20% growth?
- T R Rao:** See, we hope so that our listing, if growth should be more, and then should do valuation to our stakeholders, shareholders, but as of now, say, before two years, saying something, growth of FY '26 would be stark, that it would be premature. The growth of FY '26 of 10% over FY '25 is the growth what we are communicating now. So going forward, maybe in Q2 or Q3 results, we should be able to tell what you see the growth of FY '26, that it should be more than 10% or it would be above 10%.
- Jiten Rushi:** Sir, last question from my side is on the irrigation project of Andhra. So now again it is a slow-moving project. So you were saying last time that we might hand it over. So what is the status now? How will we execute or what is the next step we are targeting to do?
- T R Rao:** I would say actually when project was awarded, it's a INR1,000 crores project. We started with the right earnest and so far we've built around INR196 crores invoices we raised. So we put a pause because we have not received the payments from the state government. After 4th of June, some clarity will emerge, but nonetheless, this project being an important project as a part of Rayalaseema drought relief, whichever government comes, they just can't neglect this project, because a lot of social issues are involved.
- And there Rayalaseema is an arid and dry region, so until and unless -- there also there are two reservoir on the irrigation -- there is a big cut of irrigation is there. So we expect whatever government comes, they will continue with this project. And also will release our amounts.
- Jiten Rushi:** And sir, toll numbers, can you give me the toll numbers? Toll collection numbers for the projects, Q4 and FY '24?

- D. K. Maheshwari:** MP Highways, total FY '24, INR30.4 crores. Kanpur Highway, INR95.6 crores; Narela is INR51.5 crores; Bareilly INR62.4; and RBJ annuity INR128.6 crores.
- Jiten Rushi:** For Q4?
- D. K. Maheshwari:** Q4: MP Highways, INR6.38 crores; Kanpur Highway, INR24.6 crores; Narela INR12.5 crores; Bareilly INR15.8 crores, RBJ INR32.16 crores.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, just a clarification. Sir, when we say, for MSRDC, the negotiation can happen next week. Any broader idea, normally, how the government tries to negotiate? So broadly, is it from the base cost they only try to negotiate 10%, 15% higher? That's how it works? Or any rough ballpark area from your past experience?
- Yogesh Kumar Jain:** We can't say anything now, but it is a procedure in Maharashtra government. They will negotiate first and then award.
- Shravan Shah:** But at the current price what we have declared L1, if that is the case, then it is fair to assume that we can have a much, much higher, 17%, 18% kind of EBITDA margin, or L1 price itself is 12%, 12.5%. So just 5% if we further reduce the government negotiation, it comes down 5%, then the margins on that will come down?
- T R Rao:** Yes. See, whatever rate we've quoted, we've quoted competitively. Because substantial competition was there, so we quoted competitively with the EBITDA margins what we assume. But we can't disclose, being a proprietary thing, now we can't say that what margin we quoted and what would be this thing. But whatever negotiation will be there, we assume that it will be very reasonable and justifiable. Accordingly, then we will see how the things will unfold. It will be too premature to say anything now.
- Moderator:** The next question is from the line of Parvez Qazi from Nuvama Group.
- Parvez Qazi:** Sir, I just wanted to reconfirm the number that we have given for the asset monetization. So for the first phase, the EV is INR5,500 crores. Is that correct?
- D. K. Maheshwari:** INR5,015 crores.
- Parvez Qazi:** INR5,015 crores. And the debt that you have infused is INR3,564 crores and equity was INR991 crores?
- D. K. Maheshwari:** Debt was INR3,559 crores, yes.
- Parvez Qazi:** INR3,559 crores. Equity is INR991 crores?
- D. K. Maheshwari:** INR999 crores is equity.
- Parvez Qazi:** And for Phase II, the EV is INR3,990 crores, debt is INR2,920 crores, and equity INR740 crores?

- D. K. Maheshwari:** Right.
- Moderator:** The next question is from the line of Shubham Shelar from IDBI Capital.
- Shubham Shelar:** Sir, stand-alone number 10% increase that you mentioned. So this factors the Vivad se Vishwas couple of amounts that we'll be booking in quarter 1 FY '25?
- T R Rao:** No. Whatever 10% guidance we have given, this is net of whatever arbitration awards we would be receiving under Vivad se Vishwas for FY '25.
- Shubham Shelar:** When you say net of, which means it includes that, or...
- T R Rao:** It doesn't include.
- Shubham Shelar:** Doesn't include. Okay. And second is on MSRDC order, I think you did briefly mention to one of the previous participants that there could be some sort of negotiation that could happen. So then 12.5% EBITDA margin that you mentioned, that is on the quoted amount which you have in the BSE notification you have mentioned, on that 12.5%, or from negotiation you're already factoring in something will be there, and then 12.5% margin we'll make?
- T R Rao:** See, this 12.5% is what we had mentioned for FY '25 and FY '26 going forward. And this is the overall company's income. Whatever the percentage of work we would be executing during FY '25 in MSRDC will be insignificant. This is the thing. We can't say that how this particular project will have an impact on the overall this thing. What EBITDA we mentioned, guidance, this is for the whole portfolio of what we are having.
- Shubham Shelar:** Right. No, no, I'm not saying for FY '25, but I think in one of the queries you did mention like MSRDC order margins will be like 12.5% sort of number, which I could hear it. So just thought to clarify that it is on the quoted amount of what is there in the stock exchanges or it is already factoring in negotiation?
- T R Rao:** No, no, we have not informed the stock exchange what would be the EBITDA margin on whatever order we secure. So that said, we think, to say, as I said, its proprietary in nature. And also it's something like a very forward-looking kind of a thing, which we don't want to comment as of now, until and unless the negotiation process is completed.
- Moderator:** The next question is from the line of Gautam Gosar from Monarch AIF.
- Gautam Gosar:** Sir, I just needed some clarification on the Vivad se Vishwas scheme. So you mentioned that we've received INR255 crores in Q4. In April, we've received INR117 crores, and we are yet to receive INR398 crores in the next 10 to 15 days. Sir, my question is, how much of this will reflect in the Q1 stand-alone books of ours.
- T R Rao:** Q1 stand-alone books if you receive INR398 crores something...
- D. K. Maheshwari:** INR378 crores will reflect.
- T R Rao:** Yes. INR378 crores will reflect on the top line of stand-alone basis.

- Gautam Gosar:** Okay. And this INR378 crores will include the INR117 crores, which we've also received in April?
- T R Rao:** Yes, it includes.
- Gautam Gosar:** Okay. So total in all will have INR378 crores included in the top line?
- T R Rao:** Yes, yes.
- Moderator:** Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Vikram Suryavanshi for his closing comments.
- Vikram Suryavanshi:** We thank the management of PNC Infratech Limited for giving us an opportunity to host the call and taking time out for the interaction with the stakeholders. Sir, any closing comments you would like to give?
- Yogesh Kumar Jain:** In case of further queries, you may get in touch with Strategic Growth Advisors, our Investor Relations advisers, or feel free to get in touch with us. Thank you.
- Moderator:** Thank you, members of the management team. Ladies and gentlemen, on behalf of PhillipCapital India Private Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.