

"PNC Infratech Limited Q3 FY-16 Earnings Conference Call"

February 10, 2016







MANAGEMENT: MR. CHAKRESH KUMAR JAIN – MANAGING DIRECTOR,

PNC INFRATECH LIMITED

Mr. Yogesh Kumar Jain - Managing Director, PNC

INFRATECH LIMITED

MR. D. K. AGARWAL - CFO, PNC INFRATECH LIMITED

MR. D. K. MAHESHWARI – AVP (FINANCE), PNC

INFRATECH LIMITED

MODERATOR: Mr. ADHIDEV CHATTOPADHYAY – ELARA SECURITIES

PRIVATE LIMITED



Moderator:

Ladies and gentlemen good day and welcome to the Quarterly Earnings Conference Call of PNC Infratech Limited. This conference call may contain forward looking statements about the company which are based on the belief, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risk 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 this 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. Adhidev Chattopadhyay from Elara Securities. Thank you and over to you sir.

Adhidev Chattopadhyay:

Good afternoon everyone. On behalf of Elara Securities, I welcome you all to the 3rd Quarter FY16 Earnings Conference Call for PNC Infratech. Today, we have with us from the management, Mr. Chakresh Kumar Jain – Managing Director, Mr. Yogesh Kumar Jain – Managing Director, Mr. D.K. Agarwal – the Chief Financial Officer and Mr. D.K. Maheshwari – AVP (Finance). I would now like to request the management to take us through the key highlights of the quarter and the outlook going forward. Over to you sir.

Yogesh Kumar Jain:

I am Yogesh Jain – Managing Director. Good afternoon friends, we welcome you all to participate in our Earnings Conference call to discuss on our performance for the quarter and 9 months ended December 31, 2015. Along with me I have Mr. Chakresh Kumar Jain, Managing Director, Mr. D. K. Agarwal – Chief Financial Officer, Mr. D. K. Maheshwari – Assistant Vice President (Finance) and Strategic Growth Advisors, our Investor Relations Advisors.

First I'll just recap some of the recent industry updates that has given impetus to the sector.

Government has been working on easing regulatory hurdles, introduction of innovative financing models that minimize developer's risk and make debt servicing more manageable which will help to spur investment by private sector. These measures are not just quick fixes but also ensure that the structural issues that are plaguing the sector are eliminated.

In order to revive the road sector and bring private sector interest back, CCEA has approved two policy initiatives to get the sector moving:

First one is approval to a comprehensive Exit policy framework permitting concessionaires/developers to divest 100% equity, two years after completion of construction. This will help unlock equity from these projects and will help revive private participation by making equity available for fresh investments.

Under the second policy initiative NHAI has been authorized to provide funds to such projects which are stuck due to lack of funds from its overall budget/corpus as loans at a pre-determined rate of return.



To address the funding issues for the projects the Government had increased gross budgetary support by more than 50% ~Rs. 39,900 crore in FY16 as compared to Rs. 26,100 crore in FY15. And according to recent media articles, the Roads Ministry is seeking Rs. 80,000 crores for development of highways in the upcoming budget 2016-17 which is double the amount what ministry received in 2015-16.

Apart from budgetary support, the government is also working on a National Infrastructure Investment Fund (NIIF) with an initial capital of Rs. 40,000 crores. The fund will deploy capital in various projects in form of Equity. Currently there are various Government promoted institutions that provide Debt funding but this would be the First such vehicle which will provide the Equity support for various projects. More specific details will emerge once the fund is operational.

Coming on to the awarding activities, the present Government has awarded approximately 12,900 Kms of road projects since it took over in May 2014. NHAI's road award target for FY16 is 5,400km vs. 3,068km it awarded in FY15 and 1,437km in FY14. Ministry as a whole is likely to award 9,000 km of which about 4,600 km would be implemented through the state Public Works Department (PWD) & ministry itself. For the year till date NHAI has awarded projects totalling to 2,757 km of which 1,923 Km are on EPC basis, 803 km on BOT basis and 31 Km on Hybrid Annuity basis. At present more than 1,000 projects covering a length of approximately 32,000 Km are planned for improvement / construction.

The ministry is also proposing to set up empowered committee to clear stuck road projects worth Rs. 30,000 crores.

On the land acquisition side, the Government is planning to make higher payments to farmers in cases where award was fixed as per old law but compensation has not been paid to land owners. The decision will also be applicable to farmers whose awards were fixed prior to January 1, 2015 but physical possession of land so acquired has not been taken. This will help to roll out projects entangled in different legal cases.

Lastly, very recently the NHAI has decided to force overloaded vehicles off the roads till the extra load is removed at the cost and risk of the transporters. This will be in addition to levying of charges of ten times the applicable fee at the toll plazas that is presently being imposed on overloaded vehicles. This measure will greatly help sustainable and safe operations on the country's primary road network.

Now moving on to our company and recent updates include,

Our core strength is EPC. Till date we successfully executed 50 major infrastructure projects spread across 13 states, out of which 30 are road EPC projects, 19 are Airport Runways



projects and 1 project is of Industrial Area Development at Narela, New Delhi and currently we are executing 18 projects across sectors.

In our BOT portfolio, we have recently divested our minority stake of 8.51% in Jaora Nayagaon project to Viva Highways Limited and received an aggregate consideration of Rs. 34 crores. However the positive impact of this divestment would be reflected in 4th Quarter of current year.

Currently we have portfolio of 7 BOT & OMT projects, of which 5 are Road BOT projects, 1 is OMT road project and 1 project is for development of Narela Industrial area in Delhi on Annuity basis. Our BOT portfolio comprises both toll and annuity assets. As a strategic move we have targeted the projects with Grant component as both execution and operations of these projects would be more viable from investment perspective. Of the total 7 projects, 6 projects have achieved commercial operation till date.

One under-construction project is Rae Bareli Jaunpur project is on Annuity Basis. The project is 100% owned by us and is expected to be operational in the next few weeks. We are expecting to get an additional annuity as bonus, as the project is expected to be completed ahead of Scheduled Completion Date.

Our BOT portfolio including the under-construction project is fully funded as we have already invested the entire equity of Rs. 464 Crore and now no further equity investment is pending.

Our revenue from these projects in term of Toll income and Annuity income in line with the expectations and has been improving constantly.

The average per day toll collection for 9 months of FY'16 has increased for the project Gwalior Bhind by 30% and similarly OMT project of Kanpur Lucknow Ayodhya by 16%

Now moving on to our order book

Our current order book as on 31st December, 2015 is Rs. 3,060 crores. Majority of which is from Roads EPC projects.

We have received LoA for project of re-surfacing/ strengthening of runway at Air Force Station, Kanpur, for total contract cost of Rs. 167.25 crores in January 2016.

We have been declared as L1 bidder for Aligarh-Moradabad section on NH-93 from NHAI on EPC basis worth Rs. 644.5 crores

The order book in terms of contracts pending execution has crossed Rs. 3,800 crores which includes projects where the company is L1 but Letters of Award are yet to be received.



The total order inflow in the current year till now stands at Rs. 1,743 crores.

I would now present the results for the period quarter ended December 31, 2015.

Standalone Quarterly Result:

Revenue of 3^{rd} quarter of FY16 is Rs. 521 crore which is higher by 35% compared to 3^{rd} quarter of FY15

EBITDA of 3rd quarter of FY16 is Rs. 68 crore which is higher by 21% compared to 3rd quarter of FY15

PAT of 3rd quarter of FY16 is Rs. 32 crore which is higher by 37% compared to 3rd quarter of FY15

Cash profit for 3rd quarter of FY 16 is Rs. 46 crore which is higher by 42% compared to 3rd quarter of FY15

Consolidated Quarterly Result:

Consolidated revenue of 3^{rd} quarter of FY16 is Rs. 630 crore which is higher by 35% compared to 3^{rd} quarter of FY15

Consolidated EBITDA of 3^{rd} quarter of FY16 is Rs. 117 crore which is higher by 71% compared to 3^{rd} quarter of FY15

Consolidated PAT of 3^{rd} quarter of FY16 is Rs. 31 crore which is higher by 62% compared to 3^{rd} quarter of FY15

Consolidated PAT after minority and share of associates interest of 3rd quarter of FY16 is Rs. 27 crore which is higher by 39% compared to 3rd quarter of FY15

Our consolidated cash profit for 3^{rd} quarter of FY16 is Rs. 61 crore which is higher by 82.5% compared to 3^{rd} quarter of FY15

Moving on to 9 months results on Standalone basis

Revenue of 9 months of FY16 is Rs. 1,425 crore which is higher by 30% compared to 9 months of FY15

EBITDA of 9 months of FY16 is Rs. 189 crore which is higher by 22% compared to 9 months of FY15



PAT of 9 months of FY16 is Rs. 89 crore which is higher by 32% compared to 9 months of FY15

Our cash profit for 9 months of FY16 is Rs. 127 crore which is higher by 36% compared to 9 months of FY15

Now our Consolidated 9 Months Results are as follows:

Consolidated revenue of 9 months of FY16 is Rs. 1,700 crore which is higher by 29% compared to 9 months of FY15

Consolidated EBITDA of 9 months of FY16 is Rs. 294 crore which is higher by 45% compared to 9 months of FY15

Consolidated PAT of 9 months of FY16 is Rs. 78 crore which is higher by 24% compared to 9 months of FY15

Consolidated PAT after minority interest and share in associates of 9 months of FY16 is Rs. 68 crore which is higher by 8% compared to 9 months of FY15

Our consolidated cash profit for 9 months of FY16 is Rs. 156 crore which is higher by 48% compared to 9 months of FY15

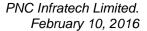
On the Balance Sheet side our,

Our consolidated networth as on December 31, 2015 is Rs. 1377 crores where as Total Debt is Rs. 1668 crores Net Debt to Equity comes at Consolidated basis comes at 1.21 times.

On stand-alone basis our net worth is Rs. 1225 crores. Long-term debt of the company is Rs. 8 crores. The Total Debt on standalone basis as on December 31, 2015 is Rs. 45 crores which has reduced by Rs. 280 crores from Rs. 324.1 crores as on 31st March 2015. The Net Debt to Equity Ratio of 0.04 times as on December 31, 2015.

CARE has upgraded credit ratings on the bank facilities of three of Subsidiaries of the Company:

- MP Highways Private Limited revised from CARE BBB To CARE BBB(+)
- PNC Kanpur Highways Limited revised from CARE BBB(-) To CARE BBB
- PNC Bareilly Nainital Highways Private Limited revised from CARE BBB(-) To CARE BBB





Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer

session. The first question is from the line of Shravan Shah from Dolat Capital. Please go

ahead.

Shravan Shah: Sir, can explain or throw some light in terms of the opportunity or may be the projects

currently we are looking which we think that it would be adding to our order inflow?

Yogesh Kumar Jain: Yes, we have already submitted financial bids for 4 projects, 2 are from NHAI and 2 are PWD

for a total estimated cost of Rs. 2,100 crores which are expected to be opened in this financial

year.

Shravan Shah: Okay. And sir, in terms of revenue has picked up significantly in Agra - Firozabad project so

how do you see in terms of the remaining Rs. 1,200 crores to be completed. Are we able to

finish it by December 16?

Yogesh Kumar Jain: Yes, we are expecting..

Shravan Shah: Okay. And sir, in terms of revenue for the other key projects not the top 5, if you can throw

some light in terms of if you give the break-up because Rs. 217 crores of revenue has come from the other projects which we have not mentioned in the presentation so, if you can give 2

projects - 3 projects in terms of contribution in revenue for third quarter.

Yogesh Kumar Jain: Mr. Maheshwari will explain.

D. K. Maheshwari: Revenue Break up from other projects mainly are from Raebareli-Jaunpur (Rs.82 crores),

Bareilly Badaun (Rs.45 crores), Agra Bypass (Rs. 40 crores), Agra Shamshabad (Rs.24 crores)

Shravan Shah: Okay. And sir, have we started work on Bhojpur - Buxar and Koilwar - Bhojpur because it is

close to six months after we have won so have we started means I just wanted to understand

when we start booking revenue on this project?

Yogesh Kumar Jain: We have started mobilization but we are still awaiting for its appointed date.

Shravan Shah: Okay. And sir, Raebareli - Jaunpur the schedule COD is third June if I am correct, so if we will

be finishing in next couple of weeks so still we are eligible for the entire one semi-annuity or it

will be a proportionate for four months?

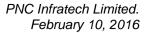
Yogesh Kumar Jain: Actually, in this project work was suspended for around 5 month period on account of

agitation by local public for ROB extensions for which we are eligible for extension of time as per concession agreement, this suspended period should be added for the purpose of bonus

calculation so we are expecting 1 full semi annuity as Bonus.

Shravan Shah: Okay. And sir, is there any issue in terms of getting or convert L1 of this Aligarh - Moradabad

because almost three months has happened so, is there any issue in getting LOA?





Yogesh Kumar Jain: There is no issue on this now it has already been approved by the ministry so we are expecting

LOI in coming weeks.

Shravan Shah: Okay. And sir, now if you can give in terms of guidance for the next quarter that is fourth

quarter and FY17 revenue and EBITDA margin

D. K. Maheshwari: We are expecting growth in top-line about 25% as compared to the FY15

Shravan Shah: Okay. Yes, sir in FY17 also can we expect a same 20%-25% kind of growth?

D. K. Maheshwari: Yes, we are expecting growth in top line by 20%-25% also in FY'17

Shravan Shah: Okay. And in terms of EBITDA margin, sir?

D. K. Maheshwari: EBITDA margin should be in the range of 13% to 13.5%.

Moderator: Thank you. Next question is from the line of Abhijeet Vora from Sundaram Mutual Fund.

Please go ahead.

Abhijeet Vora: Sir, I have couple of questions, firstly is what is the order inflow till date?

Yogesh Kumar Jain: Order inflow in current financial year is Rs. 1,743 crores.

Abhijeet Vora: This does not include the L1 right?

Yogesh Kumar Jain: No, This includes L1.

Abhijeet Vora: This includes L1?

Yogesh Kumar Jain: Yes.

Abhijeet Vora: Okay. L1 Aligarh - Moradabad...

Yogesh Kumar Jain: – Yes.

Abhijeet Vora: Yes. You have been declared L1 in November so till now it has not been closed is it? It has

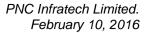
been nearly three months.

Yogesh Kumar Jain: Yes, we are expecting in coming weeks.

Abhijeet Vora: Why is the delay?

Yogesh Kumar Jain: The ministry has approved this tender because the bidding price was more than 20% higher of

estimated cost.





Abhijeet Vora: Okay. So Road Ministry has to approve this?

Yogesh Kumar Jain: Yes,.

Abhijeet Vora: Okay. Sir and also there was one more project in UP Lucknow - Ballia Expressway which was

supposed to come up what is the status on that?

Yogesh Kumar Jain: Prequalification document we have already submitted for this project and the total cost is

around Rs. 12,500 crores. This is 348 km Greenfield Expressway and 8 packages are there, each package cost is around Rs .1,500 crores and we are expecting financial bids in April

2016.

Abhijeet Vora: Okay. Just one last question before I get back into queue. In terms of order inflow for the

current year what will be the estimate and in your expectations where will the closing order

book be?

Yogesh Kumar Jain: It should be around, Rs. 4,600 crores to Rs. 4,800 crores at the closing of this financial year.

Abhijeet Vora: Sir, you will have to bag Rs. 1,500 crores in next one and half month to have this kind of order

flow right?

Yogesh Kumar Jain: Yes, We are expecting bag around Rs. 1,300 crores to Rs. 1,500 crores new contracts in

remaining period of this financial year..

Abhijeet Vora: Yes, so your order flow as of now is Rs. 1,700 crores?

Yogesh Kumar Jain: Yes, total it will be around Rs. 3,000 crores in this financial year.

Abhijeet Vora: Order inflow will be Rs. 3,000 crores?

Yogesh Kumar Jain: Yes, in this financial year.

Moderator: Thank you. Next question is from the line of Nitin Arora from Emkay Global. Please go ahead.

Nitin Arora: Sir, give us the BOT revenue numbers for Kanpur - Ayodhya, Kanpur - Kabrai - Narela?

Yogesh Kumar Jain: Mr. Maheshwari.

D. K. Maheshwari: Actually in this quarter, MP Highway collection was Rs. 11.33 crores, Kanpur - Ayodhya was

Rs. 60.28 crores, Kanpur highway was Rs. 15.85 and Narela was Rs. 10.10 and Bareilly -

Almora which was started in this quarter it was Rs. 6.5 crores.

Nitin Arora: Sir, what about Ghaziabad - Aligarh now how much we are collecting and have we

commissioned the extra length at this point?



D. K. Maheshwari: The remaining portion of execution is under process and we are expecting we will complete it

by May. Presently collection in the range of Rs. 38 to Rs. 40 lakes per day and after collection of overloading which we are expecting to start in coming weeks so that toll will further

increase to 8 lakhs to 10 lakhs per day.

Nitin Arora: So, currently from 43 to 44 you are expecting it to go to around...

D. K. Maheshwari: 50 lakh per day after starting the collection of overloading and should also increase Rs. 8 to 10

lakhs on full COD.

Nitin Arora: Sir, anything that has changed because we have been trying to commission the patch and from

the last three quarters - four quarters has there been any strike from the truckers association

there with respect to the toll hike?

Yogesh Kumar Jain: No, nothing.

Nitin Arora: Nothing of that sort. Sir, with respect to your debt which you have brought down on the

standalone side the interest cost seems to have gone up on a sequential basis has that been paid

at the end of the quarter?

D. K. Maheshwari: Right, actually in the month of October-November, we have utilized more but in the end of the

quarter debt are drastically lower and debt equity in standalone is 0.04 times which is the

ever lowest in the history of the company.

Nitin Arora: So then roughly for next year if we have to grow another 20%-25% somewhat sustainable debt

numbers if you can share we can assume it with respect to your working capital requirement

we should be working with?

D. K. Maheshwari: Even after the growth of 25% we are expecting that utilizations will be in the range of Rs. 250

crores to Rs. 350 crores.

Nitin Arora: During the year, okay, fair enough, sir. And sir just one more thing if you can share us the

Hybrid Annuity projects which we were there in all the three bids and the other player has won the project, can you share us that is it something that ROE is too dependent on the O&M fee at this point and that is why majority of the players are losing the bid where as APCO was quite aggressive on the O&M where the ROE is completely depending on that O&M thing where the

bidding is going a little aggressive?

You can say these projects were bid aggressively.

Moderator: Thank you. Next question is from the line of Vibhor Singhal from PhillipCapital. Please go

ahead.





Vibhor Singhal: Just wanted to get your opinion on the kind of opportunity that we are seeing from the State

Government in UP, I mean I understand there is a project Lucknow - Ballia Expressway which they are also looking to award dividing into seven - eight packages so on that project or may be other state highway projects are you seeing some kind of an activity pick-up from the State Government and do you expect some significant order awards before the model code of

conduct sets in for the elections next year?

You are talking about UP Government?

Vibbor Singhal: UP State Government, Yes sir.

Yogesh Kumar Jain: Yes, we are expecting this Lucknow - Ballia and also some 15 EPC projects are in pipeline of

the UP Government. Total cost of these projects is around Rs. 18,000 crores and are expected

for bidding in next nine months.

Vibbor Singhal: So you expect these projects might be awarded in the next nine months?

Yogesh Kumar Jain: Yes.

Vibhor Singhal: Okay, fair enough. So secondly sir, on the margins front if I can ask so basically margins if

you see for this year we have done around margins of around 13.2 - 13.3 taking the average for the first nine months so, I mean it is a little lower then what we did in FY15 and years before that so, do you think 13% or thereabout is going to be the range going forward for next

financial year as well?

D. K. Maheshwari: This year margin is 13.27% of nine months and we are expecting that this will continue in the

range of 13% to 13.5%.

Vibbor Singhal: Okay. For the next year or so as well?

D. K. Maheshwari: Yes

Vibbor Singhal: Fine. So what would be the average cost of borrowing for us?

D. K. Maheshwari: On standalone it is around 10.2% p.a. and on consolidated of all the BOT projects it is in the

range of 10.15% to 10.65% p.a..

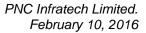
Vibbor Singhal: So it will probably be the almost the same.

D. K. Maheshwari: Recently after operation of the two projects of Kanpur - Kabrai and Bareilly - Almora, we got

the reduction of 0.75% and 1% p.a. respectively

Vibhor Singhal: Okay. So that probably reduced our overall average borrowing cost?

D. K. Maheshwari: Yes





Vibhor Singhal: Fine. Lastly sir, what was going to be our strategy going forward in terms of NHAI bids? I

understand that we have already evinced our interest in the Hybrid Annuity model but are we going to look for any further BOT projects or EPC and HAM are the only projects that we are

going to bid for?

Yogesh Kumar Jain: We are currently focused on EPC projects and some of Hybrid Annuity model projects.

Vibbor Singhal: But not pure BOT projects?

Yogesh Kumar Jain: Not much interested in BOT projects.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal of HDFC Securities. Please

go ahead.

Parikshit Kandpal: Sir, in the presentation you have mentioned the order book is Rs. 3,000 crores and we have still

not included two projects which are L1 - Rs. 644 crores and Rs. 167 crores of the runway. So

if we include this then the order book will be Rs. 3,700 crores?

Yogesh Kumar Jain: It is over Rs. 3,800 crores.

Parikshit Kandpal: Rs. 3,800 crores and on top of it you are planning to bag around Rs. 1,800 close to 2,000 crores

of order in this next one and half months?

Yogesh Kumar Jain: In remaining period of current financial year we are expecting around Rs.1,300 crores to Rs.

1,500 crores contracts further.

Parikshit Kandpal: Okay. So if we remove the fourth quarter execution so we will end up somewhere around Rs.

4,000 crores to Rs. 4,500 crores worth of closing order book?

Yogesh Kumar Jain: Rs. 4,600 to Rs. 4,800 crores.

Parikshit Kandpal: And when you mention that you have taken new orders of Rs. 1,700 crores so this includes

these L1?

Yogesh Kumar Jain: Yes.

Parikshit Kandpal: I think it should exclude these two projects?

D. K. Maheshwari: It is included.

Parikshit Kandpal: Okay, it is already included.

D. K. Maheshwari: Yes.



Parikshit Kandpal: Okay. And sir, on your Ghaziabad project so we are still clocking 40 lakhs to 45 lakhs per day

of Toll?

D. K. Maheshwari: Yes

Parikshit Kandpal: Okay. So I mean there is such a big shortfall in the design when the assumptions which we had

while we were bidding so how will you quantify this big gap even after the over loading is charged and your full length gets completed so we will end up somewhere 65 lakhs of collection per day versus our estimate of initial 85 lakhs to 90 lakhs so, what explains this huge gap and how will I impact the profitability and support require in terms of shortfall debt or

interest servicing shortfall from the SPV?

D. K. Maheshwari: Actually presently we are collecting the toll in PCOD basis and after the COD we will go

financial arrangement in the 5/25 scheme because this project is of 25 years and presently door

to door loan is around 14 years only.

Parikshit Kandpal: Okay. So after the COD we will go for 5/25 scheme.

Yogesh Kumar Jain: Yes

Parikshit Kandpal: Okay. And second this is for the new projects the Bareilly - Almora which you have

commissioned so what are the toll revenue collections per day? Has the project stabilized and how much is the shortfall in terms of what was designed while you bid for this project and

what you are actually collecting?

D. K. Maheshwari: Actually we have estimated around Rs.14 lakh in initial stage but presently it is coming around

Rs. 10.5 lakh per day. Presently at this point of time people are not willing to pay and we could not start collect even over loading. We are expecting that from April increase in the

tariff and starting the collection of overloading it should go up to Rs.14 lakhs.

Parikshit Kandpal: So what kind of leakage are we seeing currently on this project I mean per day how much will

be the loss because of leakage so say when you reach from Rs. 10 to Rs. 14 lakhs so how much will because of people who are not paying per day and how much will be because of over

loading?

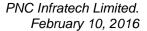
Yogesh Kumar Jain: It is around Rs. 1 lakh to Rs. 1.5 lakhs leakage and around Rs. 2 lakhs for overloading. So we

are expecting this toll will stabilize within three months to four months.

Parikshit Kandpal: Okay. And in this we have got the full COD or is there any balance land which has to be

completed.

Yogesh Kumar Jain: Full COD.





Parikshit Kandpal: Okay. And sir, on this Lucknow - Ballia Expressway so we are talking about April timelines

for the bidding and some seven packages - eight packages are involved each around 1,500 crores each but what I understand is that is this project is still not financially closed and there

are land acquisition issues so do you really see that it will hit the timelines of April?

Yogesh Kumar Jain: We understand the project is being partially funded by LIC around Rs. 5,000 to Rs. 6,000

crores and also government is planning to seek funds from Central Government also and they are also planning to take funding from HUDCO. It should be finalized within next two months

to three months.

Parikshit Kandpal: So until unless it is financially closed we would not be bidding for this project. So until and

unless we are 100% sure that the state government will be able to pay us the money so we

would not be bidding, right.

Yogesh Kumar Jain Yes

Moderator: Thank you. Our next question is from the line of Naveen Jain of JM Financials. Please go

ahead.

Naveen Jain: Sir I have few questions – on these two EPC projects that we had received or the we were the

lowest bidder in the month of July why the actual execution has not started yet? What are the

reasons for the delay?

You are talking about Bihar project?

Naveen Jain: Yes.

Yogesh Kumar Jain: we are waiting for the appointed date, however we have mobilized the site but there is some

land issues which are expected to be cleared within two months.

Naveen Jain: So because of land acquisitions....

Yogesh Kumar Jain: Yes, because of land acquisition.

Naveen Jain: We have tied up but appointed date has not come yet.

Yogesh Kumar Jain: Yes. There is a condition of 90% land in contract.

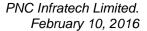
Naveen Jain: But since it has been such a long time almost about more than six months - seven months since

the project has been awarded so is this problem unique to this particular project or NHAI is

facing such problem in a lot of other projects also?

Yogesh Kumar Jain: It is a normal phenomenon in NHAI but we are expecting it will be through within next two

months





Naveen Jain: Okay, all right. Other question was on the competitive scenario particularly in the last three

months to four months - five months so, we have not got any fresh order in the last three months or four months, we are not lowest bidder in any of the project in the last three months - four months so it that the awarding itself has been very low or is it that the competitive

scenario is quite bad currently, could you please comment on that?

Yogesh Kumar Jain: Now, in EPC you can say competition is in moderate phase. However in Hybrid model

aggressive bids received by the government.

Naveen Jain: Any idea how much was the awarding in the December quarter? You gave total awarding up

till from NHAI which was about 2557 so in the last quarter how was it?

Yogesh Kumar Jain: No, idea about this.

Naveen Jain: Sure, no problem. And sir, other question was on the revenue guidance that you are giving you

are saying 25% revenue growth for the full year FY-16 which would effectively imply just about Rs. 520 crores - Rs. 530 crores kind of revenue in the last quarter which is similar to what you did in the third quarter also so typically fourth quarter tends to be a much better quarter for most of the construction companies and even for you last year fourth quarter was much better than the third quarter so do you significantly expect to overshoot this guidance or

you think Rs. 520 crore is more reasonable number for fourth quarter?

D. K. Maheshwari: Certainly we will have the growth of 25% in revenue as compared to FY15. You are right in

third quarter revenue was Rs. 521 crores, so in fourth quarter it should be higher but at this

point of time it is difficult to tell you the exact amount.

Moderator: Thank you. The next question is from the line of Nitin Bhasin from Ambit Capital. Please go

ahead.

Nitin Bhasin: Sir, a few questions just wanted to understand apart from the top sites, how many other sites

are you working on right now?

Yogesh Kumar Jain: Currently we are working on 18 projects

Nitin Bhasin: Okay, 18 sites. And sir, our most sites are in UP and Bihar am I right? Largely most of them

are there only.

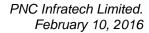
Yogesh Kumar Jain: UP, Bihar, and Rajasthan.

Nitin Bhasin: Okay. And sir, apart from this belt are you chasing any other regions or you think for the next

at least one year or two years this is where your efforts will be concentrated?

Yogesh Kumar Jain: North is our strength area but we can work in all over India as we have already worked in 13

states





Nitin Bhasin: Okay. But in Gujarat, Maharashtra, Tamil Nadu or Karnataka, you are not looking at orders

over there? Are you even bidding for them or no?

Yogesh Kumar Jain: We will bid if we find any good projects in that region

Nitin Bhasin: But you have not bid for it till now?

Yogesh Kumar Jain: Yes, we have not bid till now.

Nitin Bhasin: No bid. Sir when you say in next year you will grow at 20%-25% so roughly let us say you

will do closer to Rs. 2,500 crores of top-line next year on a standalone basis sir?

Yogesh Kumar Jain: Yes, it would be around that figure.

Nitin Bhasin: And if you ending the year at about Rs. 4,500 crore to Rs. 5,000 crores order book so you are

telling us that your order book roughly has just a life of 24 months?

D. K. Maheshwari: Yes

Nitin Bhasin: So basically this order that you are getting for the Aligarh - Moradabad is it a three years or is

it two years' job sir?

D. K. Maheshwari: 30 months

Nitin Bhasin: Two and half years' job, okay. And sir to maintain that sort of a number the next year what

kind of orders are you targeting so because if you will end at 4,000 and next year you will execute about 2.5 so what are your target 3,000 crores - 4,000 crores - 5,000 crores inflow next

year?

Yogesh Kumar Jain: Target around Rs. 4,000 crore.

Nitin Bhasin: So then going back and tying up with the first question I asked, do you think Rs.4,000 crores

of orders are available only in UP as a market and some bit in Bihar and some bit in Rajasthan

or you will have...

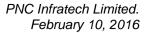
Yogesh Kumar Jain: Definitely

Yogesh Kumar Jain: Haryana, Chhattisgarh, MP, Rajasthan, and Delhi also.

Nitin Bhasin: Okay. So you will go for most of these so, what sort of....

Yogesh Kumar Jain: There are almost Rs. 50,000 crores worth opportunities there.

Nitin Bhasin: Okay. And most of this State Highways or NH Highways sir?





Yogesh Kumar Jain: NH and State Highways.

Nitin Bhasin: Both. So what sort of gross block are you thinking to buy next year then?

Yogesh Kumar Jain: Not much more.

D. K. Maheshwari: Actually in December it is Rs. 430 crores and we are expecting that end of this year it will be

around Rs. 455 crores to Rs. 460 crores and next year we need not require to purchase much

more machinery but it will be in the range of Rs. 25 crores to Rs. 35 crores.

Nitin Bhasin: So basically you are saying under Rs. 500 crores we will execute Rs. 2,500 crores of top-line

sir next year?

D. K. Maheshwari: We can execute around Rs. 3,000 crores to Rs. 3,200 crores with the gross block of Rs. 500

crores.

Nitin Bhasin: Okay. You can do max 3,000 to 3,200.

D. K. Maheshwari: Right.

Nitin Bhasin: Sir, then in that particular case if working capital needs do you think they are going to get any

better or working capital remain where it is right now?

D. K. Maheshwari: Actually presentably in December my debtor days is 72 days' sir and working capital days is

114 days and we are expecting that my debtor days will be in the in the range of 80 days to 90

days and working capital will also in the range of 110 days to 125 days.

Nitin Bhasin: 110 days to 125 days?

D. K. Maheshwari: Yes

Nitin Bhasin: So if I look at your working capital slide on the presentation, you are highlighting that last year

your debtor days were 86 and net working capital is 122 and this gap is still there 72 and 114 that means 30 days or so outside the debtors. So is it the inventory which is rising a lot more?

D. K. Maheshwari: Our Inventory is in the range of Rs. 200 crores to Rs. 220 crores but on the specific day

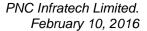
debtors may increase. For instance in September my working capital days was 154 days because we could not get the payment of the September of our Lucknow project sir. So particular date it may increase but on an average it will be in the range of 110 days to 125 days

sir.

Nitin Bhasin: No but our debtor days are very low sir 70 days and 86 days last year and they have been

coming down only. So is it that inventories are rising right now in the system for you and your

creditor days are also possibly reducing?





D. K. Maheshwari: No, inventory is in the range of Rs. 200 crores to Rs. 220 crores and the debtors as on 31st

December is Rs. 402 crores.

Nitin Bhasin: Okay. And sir in terms of new categories, what are the new categories that you are developing

apart from roads like real estate, construction and power projects?

Yogesh Kumar Jain: No, nothing.

Nitin Bhasin: So you are not looking for any...

Yogesh Kumar Jain: We are totally focused in road sector in hybrid model and EPC projects.

Nitin Bhasin: Hybrid and EPC. Sir can you just help us with one small thing which is what sort of orders that

you got in last one year are concrete orders in road, that means cement based roads any order

that you got or no?

Yogesh Kumar Jain: No, we have got three projects – two in Bihar, Bhojpur to Buxar and Koilwar to Bhojpur and

Chakeri Airport is also concrete runway. Aligarh - Moradabad is bituminous work.

Nitin Bhasin: Okay. So roughly so these are concrete roads. So on those concrete roads per kilo meter is it

materially higher compared to the bituminous road that you have got in other parts of the

country?

Yogesh Kumar Jain: Yes.

Nitin Bhasin: Average cost per kilometer?

Yogesh Kumar Jain: Cost per kilometer is around Rs. 10 crores.

Nitin Bhasin: On bituminous?

Yogesh Kumar Jain: On concrete road.

Nitin Bhasin: And that would be for bituminous what could be it?

Yogesh Kumar Jain: It is around Rs. 6 crores to Rs. 7 crores depends on road-to-road.

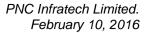
Nitin Bhasin: And sir, what are the new orders in UP that you have already putting tenders for?

Yogesh Kumar Jain: We have already submitted four financial bids for highway projects for a total estimated cost is

Rs. 2,100 crores which are expected to be opened in this financial year.

Nitin Bhasin: And these are all what Rs. 500 crores - Rs. 600 crores or one is Rs. 1,500 and the other are

small?





Yogesh Kumar Jain: Two projects are around Rs. 850 crores and one project is Rs. 252 crores and one is around Rs.

140 crores.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go

ahead.

Shravan Shah: Sir, CAPEX for nine-month is Rs. 64 crores?

D. K. Maheshwari: No it is around Rs. 50 crores in 9 months.,

Shravan Shah: Okay. So the remaining Rs. 20 crores that is pending utilization from IPO so it will be done in

this quarter?

D. K. Maheshwari: Some part in this quarter and some part will be in the first quarter of FY17.

Shravan Shah: Okay. And sir, this Bhojpur - Buxar and Koilwar - Bhojpur the execution period is two years

or 30 months?

D. K. Maheshwari: 30 months.

Moderator: Thank you. The next question is from the line of Abhijeet Vora from Sundaram Mutual Fund.

Please go ahead.

Abhijeet Vora: Sir, I missed your per day toll rates you gave for your portfolio BOT portfolio could you please

repeat it?

D. K. Maheshwari: Actually sir in April-December in MP Highway it is Rs. 11.81 lakhs per day which is higher

by 30% as compare to FY15. In Kanpur - Ayodhya on an average of nine months it is Rs. 61.25 lakhs per day which is higher by around 16% as compared to FY-15 and Kanpur - Kabrai it is coming around Rs. 14.05 lakhs per day as it has started in May '15 and Bareilly -

Almora it is coming around Rs. 10 lakh - Rs. 10.5 lakh per day.

Abhijeet Vora: And Gwalior - Bhind sir?

D. K. Maheshwari: Gwalior - Bhind it is in nine-month on average it is Rs. 11.8 lakh per day which is higher by

30% as compared to FY-15, presently it is around Rs. 15 lakhs per day since last eight to ten

days.

Abhijeet Vora: Okay. And sir usually you take tariff hikes in ...

D. K. Maheshwari: From 1st April,

Abhijeet Vora: This time it will be about 2.5%-3%?

Yogesh Kumar Jain: We hope it will be 2.5%.



Abhijeet Vora: 2.5%, right because WPI is negative.

Yogesh Kumar Jain: Yes.

Abhijeet Vora: Yes. And sir my second question in terms of revenue guidance next year, if you are closing the

year with Rs. 4,500 crores sort or order book, you still be able to achieve. I know this question was asked by previous participant but still you will be able to Rs. 2,500 crore sort of top-line is

it?

Yogesh Kumar Jain: Yes

Abhijeet Vora: It looks possible?

Yogesh Kumar Jain: Yes.

Abhijeet Vora: Okay. And suppose you receive any orders let us say UP order in March or April by when can

you start mobilizing and start executing these orders?

Yogesh Kumar Jain: After awarding it takes usually 3 to 4 months.

Abhijeet Vora: Even for state projects?

Yogesh Kumar Jain: Yes. Three month time for designing purpose.

Abhijeet Vora: Sure. And last question sir, have you received this cash for the sale of this asset?

D. K. Maheshwari: Yes, we have received cash in the third quarter but transaction was finalized in the month of

January so this positive impact of profitability will reflect in the fourth quarter sir.

Abhijeet Vora: Okay. Your debt must have probably reduced by Rs. 34 crores in your utilization.

Yogesh Kumar Jain: Yes,

Abhijeet Vora: And this bonus annuity which you are expecting from the new...

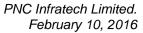
D. K. Maheshwari: Raebareli - Jaunpur.

Abhijeet Vora: Yes. When will that be expected in terms of cash inflow?

D. K. Maheshwari: That will be expected in FY17.

Abhijeet Vora: FY17, first quarter - second quarter?

D. K. Maheshwari: Probably in 3rd Quarter





Moderator: Thank you. We will take the next question is from the line of Parvez Akhtar of Edelweiss.

Please go ahead.

Parvez Akhtar: Sir. I missed the toll collection number for Kanpur - Kabrai and Bareilly - Almora in this

quarter.

D. K. Maheshwari: This quarter sir?

Parvez Akhtar: Yes, Q3.

D. K. Maheshwari: Revenue of Kanpur - Kabrai is Rs. 15.85 crores and MP Highway Rs. 11.33 crores in the 3rd

Quarter

Parvez Akhtar: Sir, I was talking about Bareilly - Almora.

D. K. Maheshwari: Bareilly - Almora has started during the quarter it was Rs. 6.5 crores sir.

Parvez Akhtar: Okay. But currently it is about Rs. 10 lakhs - Rs. 10.5 lakhs per day?

Yogesh Kumar Jain: Right. Rs. 10.5 to Rs. 11 lakhs per day.

Parvez Akhtar: Sure. The other thing what is the update on the railway project that we had bid I mean when do

we expect bids to be opened there?

Yogesh Kumar Jain: We submitted technical bids for both the projects and also we expect financial bidding in the

month of March.

Parvez Akhtar: Okay. And what is the total size for both these projects combined?

Yogesh Kumar Jain: The total size of these projects is around Rs. 2,300 crores.

Moderator: Thank you. Our next question is from the line of Devam Modi of Equrius Securities. Please go

ahead.

Devam Modi: Sir, firstly wanted to understand that generally we have seen minority stakes not getting

appropriate value so what is our strategy with regards to the 35% Ghaziabad - Aligarh stake,

are we sort of looking to increase it or what is our strategy over there going ahead?

Yogesh Kumar Jain: It is very early to say anything at this point of time.

Devam Modi: Okay, sure. And sir what is the pipeline of Air Force strip development for say and is there any

sort of possibility of pick-up in this segment going ahead?

Yogesh Kumar Jain: We are pursuing five airport runway projects that is Suratgarh, Lucknow, Raipur, Port Blair,

and Thoise total aggregate value of Rs. 760 crores around.





Devam Modi: Okay. And typically we can expect like at any point of time we can do two or three projects

currently or we can expect more projects to be executed currently?

Yogesh Kumar Jain: We can easily execute two or three projects at a time.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal of HDFC Securities. Please

go ahead.

Parikshit Kandpal: Sir, just on this HAM model so we have submitted two bids and our bid was 30% to 40%

higher so, when we had bid and APCO almost marginally above the NHAI cost so what explains difference of 30% to 40% so what kind of ROEs and what kind of EPC margins we

were looking at when we had bid this 40% higher cost?

Yogesh Kumar Jain: We are expecting around 16%.

Parikshit Kandpal: EBITDA margin? ROE?

Yogesh Kumar Jain: ROE.

Parikshit Kandpal: And EBITDA margins on EPC?

Yogesh Kumar Jain: EBITDA margin around 15% to 16%.

Parikshit Kandpal: Okay. So if one has to get the NHAI cost for that project and if I bring that cost so what kind

of EBITDA margin and ROE can one make player like APCO or someone else suppose you had bid at that cost so whether you will be able to make 10%-11% ROE and 10%-11%

margins on that?

Yogesh Kumar Jain: How can we say?

Parikshit Kandpal: Sir, I just want to understand that now most Rs. 13,000 crores - Rs. 14,000 crores of new HAM

projects will be coming so if the NHAI cost is say certain Rs. 100 so will these be bit closer to the cost because anyways if the project cost are higher by 20% the Ministry has to approve it so and when NHAI is taking up the cost they will be also rational they would want the bids to be closer to the cost so there should not be such a high variation so I just want to understand why there was high variation in those initial bids and whether the upcoming bids will see more

rational bidding which will be closer to the cost?

Yogesh Kumar Jain: Yes, I think it will settle down after four - five bids.

Parikshit Kandpal: Okay. So I mean is it that the developers have not understand the model properly or is it huge

execution risk which was involved in Delhi project that is why the risk premium on execution

was so high that people were building in a higher premium?

Yogesh Kumar Jain: Yes, I think some of the developers are not understanding properly





Parikshit Kandpal: Okay. And sir is there any other toll projects where we are facing liquidity issues and beside

Ghaziabad is there any other project where we are looking for 5/25?

Yogesh Kumar Jain: No, we are not eligible in other projects because one of the conditions is debt should be at

minimum Rs. 500 crores and in none of BOT projects we are having so much of debt.

Parikshit Kandpal: But do we need any support from the standalone entity if these SPVs are not able to service the

debt?

D. K. Maheshwari: We don't think because as on date even there is no cash loss other than Ghaziabad - Aligarh.

Parikshit Kandpal: Okay. But sir, on a sustainable basis will Ghaziabad see a 5% to 6% traffic growth or probably

the numbers will peak out.

D. K. Maheshwari: More than 8% I think.

Moderator: Thank you. We will take the last question from the line of Shravan Shah of Dolat Capital.

Please go ahead.

Shravan Shah: Sir, can you little bit explain about that railway project you are saying two projects Rs. 2,300

crores so are we bidding standalone and which are these projects?

Yogesh Kumar Jain: These projects are Sahnewal - Pilkhani that is 175 km single lane project and Dadri to Khurja

that is 46 km double lane project. We are individually qualified and the financial bid I think we

will submit in March.

Shravan Shah: So this will we are doing only track working only track laying?

Yogesh Kumar Jain: It is complete work from earthwork to track.

Shravan Shah: Okay. And in terms of the margins there also it will close to 13% kind of EBITDA margin?

Yogesh Kumar Jain: 13% to 14%.

Moderator: Thank you. I would now like to hand the conference over to Mr. Adhidev Chattopadhyay for

closing comments. Over to you, sir.

Adhidev Chattopadhyay: Yes, on behalf of Elara Securities I would like to thank all of you for attending the conference

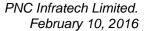
call today. I now like to hand over the floor to the management for any closing comments.

Over okay you, sir.

Yogesh Kumar Jain: Thank you everyone for your participation in our Earnings Call. We are uploading the

presentation on our company's website which may take some time to upload however we have

also submitted to the Exchanges. In case of further queries, you may get in touch with the





Strategic Growth Advisors, our Investor Relations Advisors or feel free to get in touch with us. Thank you very much for participation.

Moderator:

Thank you very much, sir. Ladies and gentlemen, on behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.