PNC Infratech

Operator: PNC Infratech Ltd. Q2 FY27 earnings conference call, hosted by JM Financial Institutional Securities Limited. As a reminder, all participants' lines will be in listen-only mode, and 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 star, then zero, on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vaibhav Shah from JM Financial Institutional Securities Limited. Thank you, and over to you, sir.

Vaibhav Shah – JM Financial Institutional Securities: Thank you. Good afternoon, ladies and gentlemen. On behalf of JM Financial, I am pleased to welcome you all to PNC Infratech Ltd.'s Q2 FY27 earnings conference call. We have with us from management the Managing Director of the company, Mr. Yogesh Jain; Mr. T. R. Rao, Director Infra; and Mr. Pankaj Agarwal, Vice President, Finance and Accounts. We will begin with the opening remarks from management, followed by a Q&A session. Thank you, and over to you, sir.

Yogesh Jain – Managing Director: Good afternoon, everyone. On behalf of PNC Infratech Ltd., I extend a warm welcome to everyone joining us today on this call. Today, I have with me Mr. T. R. Rao, Director Infra; Mr. Pankaj Agarwal, Vice President; and Strategic Growth Advisors, our Investor Relations advisors.

The financial results and investor presentation have been uploaded on the stock exchanges and the company website for your reference.

I would first like to share the key developments in the industry, followed by key operational updates of the company and highlights of financial performance during the quarter and half year ended September 30, 2026, after which we will be happy to answer your questions.

The highway sector started showing signs of recovery in Q2 FY27, after a significant slowdown in project-awarding activity persisted over the past 2 years.

During Q2 FY27, NHAI awarded highway projects covering approximately 230 route kilometers, compared to 107 route kilometers awarded in Q1 FY27.

Out of the 54 projects identified by NHAI for awarding during the remaining period of FY27, 19 projects have received approval, while another 17 have been appraised, and the balance projects are expected to receive approvals shortly.

It is expected that the pace of awarding will further improve going forward, supported by a healthy pipeline of projects. As the government is considering the development of approximately 51,000 kilometers of high-speed corridors across the country over the next decade, a large number of new business opportunities are expected to emerge for highway developers.

Apart from the highway sector, significant opportunities are emerging across other sectors. Continued government focus on railways, metro rail, freight corridors, power transmission, renewable energy and storage, mining, water resource development, including drinking water supply, and urban development provide sustained growth opportunities for well-established

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infrastructure companies.

The railway sector continues to offer a robust pipeline of new projects, supported by the government's focus on capacity expansion, freight connectivity, and logistics efficiency. The government has already identified 514 new railway infrastructure projects, spanning approximately 40,000 kilometers, with a total estimated investment of Rs.8 lakh crore under the National Rail Plan and Vision 2030, underscoring a significant large-scale opportunity in the sector. The proposed HAM-based model for new railway projects, built on the success of highway development, is also expected to create expanded opportunities for established highway infrastructure players.

Driven by India's rapid solar expansion, which reached over 16-{? 670 ?} gigawatt of capacity as of September 2026, following the addition of over 20 gigawatts in H1 FY27, the surging demand for complementary transmission networks and battery energy storage systems is unlocking significant medium- to long-term investment opportunities across the renewable ecosystem. The projected capital expenditure of Rs.6 lakh crore over the next 5 years in the power transmission sector, aimed at evacuating over 900 gigawatts of non-fossil capacity, is expected to provide robust opportunities in both the short and long terms for infrastructure developers.

While highways will continue to remain our core focus sector, we are actively expanding into other core sectors to build a broader, more resilient order book that supports long-term sustainable growth.

Rising crude oil prices on account of the West Asia conflict have increased the cost of key inputs, including diesel and bitumen, severely straining procurement, transport, construction, and equipment operations. Though MoRTH, NHAI, and AI have extended the monthly price-adjustment escalation mechanism for eligible EPC and HAM projects through December 31, 2026, the actual impact of the financial mitigation is effectively limited. Consequently, persistent input cost inflation and partial escalation coverage continue to exert pressure on the operating margins of infrastructure players.

Now coming to the recent update on the company. On October 12, 2026, the Honorable High Court granted a stay on the effect of the debarment order issued by NHAI against both the company and the concessionaire, Awadh Expressways Private Limited. Accordingly, the company is in a position to submit bids to all government authorities, including NHAI, MoRTH, and NHIDCL.

In July 2026, the company received a letter of award from the Airports Authority of India for EPC work at Pantnagar Airport in Uttarakhand. The contract value of the project is Rs.302 crore, and it is to be executed in 24 months.

On July 31, 2026, the arbitration award was published in favor of the company for Rs.244 crores in connection with the EPC project for the Sanauli-Gorakhpur section of NH-29E, executed for MoRTH through UP PWD.

Our subsidiary, Yamuna Highway Private Limited, received a rating upgrade to CARE AA+ with a positive outlook during the quarter.

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To explore international growth beyond the domestic market, the company has incorporated the subsidiary PNC Infratech LLP in Kazakhstan. This strategic move positions the company to evaluate long-term opportunities arising from Kazakhstan's planned US$9.8 billion road infrastructure program in the country, covering over 3,000 kilometers over the next 3 years. As part of the company's endeavors to expand into international markets, the company submitted a bid for a road project in Georgia to the Road Department under the Ministry of Infrastructure of Georgia in September 2026.

The company's 17 fund-based project portfolio comprises one BOT toll project, 2 BOT annuity projects, and 14 HAM projects. The aggregate bid project cost of the 14 HAM projects is over Rs.17,200 crores. Out of the total 14 HAM projects, 6 projects have achieved PCOD and COD, 5 projects are under construction, the financial closure documents for one MPIDC project have been submitted, and for 2 newly secured NHAI projects, the concession agreements have been signed and financial closure is in progress.

The total equity investment requirement for the 14 HAM projects is Rs.2,125 crore. Till September 2026, the company infused Rs.1,212 crores, and the remaining equity of Rs.913 crore is to be invested over the next 2 to 3 years. Internal accruals that would be generated over the next 2 to 3 years should be adequate to meet the balance investment requirement.

Now moving on to our order book. The company's unexecuted order book, including the 2 newly secured NHAI HAM projects, stands at over Rs.18,000 crore. Highway contracts contribute 63% of the total unexecuted order book, while water, canal, railway, and airport contracts contribute around 21%, and coal mining contracts contribute approximately 16%.

On the bidding front, we have submitted 17 bids to different authorities for a total estimated cost of Rs.16,600 crores, the price bids for which are yet to be opened.

Now, I would present the results for the quarter ended September 30, 2026.

Standalone revenue in Q2 FY27 was Rs.1,146 crore, which is higher by 17% compared to revenue of Rs.983 crore in Q2 FY26. Standalone EBITDA in Q2 FY27 was Rs.138 crore, and the standalone EBITDA margin for the quarter was 12.1%. Standalone PAT in Q2 FY27 was Rs.73 crore. The standalone PAT margin for the quarter was 6.3%.

Standalone revenue in H1 FY27 was Rs.2,664 crore, which is higher by 26% compared to revenue of Rs.2,119 crore in H1 FY26.

Standalone EBITDA in H1 FY27 was Rs.513 crore, which is higher by 85% compared to Rs.277 crore in H1 FY26. The standalone EBITDA margin for H1 FY27 was 19.2%. Standalone PAT in H1 FY27 was Rs.343 crore, representing 12.9%.

Consolidated revenue in Q2 FY27 was Rs.1,322 crores, which is higher by 17% compared to revenue of Rs.1,128 crore in Q2 FY26. Consolidated EBITDA in Q2 FY27 was Rs.279 crore, which is higher by 10% compared to Rs.253 crore in Q2 FY26. The consolidated EBITDA margin for Q2 FY27 was 21.1%. Consolidated PAT was Rs.115 crore. The consolidated PAT margin for Q2 FY27 was 8.7%.

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Consolidated revenue in H1 FY27 was Rs.3,011 crore, which is higher by 18% compared to Rs.2,550 crore in H1 FY26. Consolidated EBITDA for H1 FY27 was Rs.802 crore, which is higher by 29% compared to Rs.620 crore in H1 FY26. The consolidated EBITDA margin for H1 FY27 was 26.6%. Consolidated PAT in H1 FY27 was Rs.447 crore. Consolidated PAT margin was 14.8%.

On a standalone basis, our net worth as of September 30, 2026, was Rs.6,143 crores, whereas standalone debt from banks and financial institutions and intra-corporate deposits was Rs.1,312 crore. This translates to net debt-to-equity of 0.21 times. Total cash and bank balance [trails off]

Management: {? balance ?} including current investment is Rs.1,252 crore. Considering the total cash and bank balance, including current investment, the net debt-to-equity ratio on a standalone basis is 0.1, 0.1.

On a consolidated basis, our net worth as of September 30, '24 was Rs.7,248 crore, whereas total debt was Rs.5,912 crore.

This translates to net debt-to-equity of 0.82 times. The total cash and bank balance, including current investment, was Rs.2,936 crore. Considering the total cash and bank balance, including current investment, the net debt-to-equity ratio on a consolidated basis comes to 0.41.

With this, we now open the floor for questions and answers. Thank you.

Operator: Thank you very much.

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

We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

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

Shravan Shah – Dolat Capital: Hi, sir. Thank you. I have a couple of questions. Just one clarification before that. This Rs.244 crore arbitration award is not booked in the Q2 revenue?

Management: Yes, because this arbitration award has just been made. We are yet to realize this amount. Only upon realization of the amount do we consider it as revenue.

Shravan Shah – Dolat Capital: Okay. Is there any toll revenue or payment still pending for the monetization that we have booked as part of revenue in Q2?

Management: No.

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Shravan Shah – Dolat Capital: Okay, got it. Just a couple of questions. First, in terms of guidance, is there any change to the Rs.6,000 crore revenue guidance for this year, Rs.7,500 crore for next year, and the 12% margin guidance?

Management: No, as of now, there is no change. We will maintain the same guidance.

Shravan Shah – Dolat Capital: Okay. In terms of inflows also, the Rs.15,000 crore guidance, I think we have already received Rs.6,000 crore. So, does that guidance also remain the same?

Management: Yes, it will remain the same.

Shravan Shah – Dolat Capital: Okay. In terms of coal revenue and JJM revenue, last time we had said Rs.500 crore of coal revenue this year, a similar Rs.500 crore next year, and JJM revenue of Rs.700–800 crore this year and Rs.1,000 crore next year. Does that also remain the same?

Management: There will be slight moderation in coal revenue. This year, we are expecting revenue from the coal mining project of between Rs.350–400 crores. In the case of water, this year we are expecting around Rs.650 crores, compared to the Rs.750 crores that we mentioned last time. The remaining figures will remain the same. Coal revenue next year would be around Rs.500 crores, and water revenue would also be around Rs.1,000 crores.

Shravan Shah – Dolat Capital: Okay, got it. I also have a couple of balance sheet items. Could you help me with retention money, unbilled revenue, mobilization advances, HAM debtors, and water debtors?

Management: Shravan, please note this down.

Shravan Shah – Dolat Capital: Yes.

Management: Retention money is Rs.272 crore.

Shravan Shah – Dolat Capital: Okay.

Management: Mobilization advances are Rs.58 crore.

Shravan Shah – Dolat Capital: Rs.58 crore?

Management: Yes, only Rs.58 crore as of September 30.

Shravan Shah – Dolat Capital: Okay.

Management: And then?

Shravan Shah – Dolat Capital: Unbilled revenue, HAM debtors, and water debtors.

Management: Unbilled revenue is Rs.490 crore.

Shravan Shah – Dolat Capital: Okay.

Management: HAM debtors are Rs.418 crore.

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Shravan Shah – Dolat Capital: Rs.418 crore, okay. Water debtors?

Management: 18. And water debtors are Rs.786 crore.

Shravan Shah – Dolat Capital: Okay. So, there has been a decent reduction in water debtors. Got it. In terms of the equity balance that we need to invest in FY28 and FY29, particularly on the BESS front, I wanted to understand how both HAM and BESS investments will be made.

Management: The total equity requirement, including the 2 HAM projects, is Rs.913 crore outstanding, which is to be invested over the next 2 to 3 years.

Shravan Shah – Dolat Capital: How much would be invested in FY28 and FY29? I think we gave this in the presentation.

Management: The target for FY28 is Rs.460 crore, and the balance will be invested in FY28-29.

Shravan Shah – Dolat Capital: And for BESS?

Management: There is an update on the BESS project. I want to share this with all the participants. This project was awarded by NHPC, and the power purchase agreement was supposed to be executed with NHPC within 1 year from the date of award. The signing of the power sale agreement by NHPC with prospective discoms is a key precondition before signing the PPA.

However, NHPC could not sign the power sale agreement with the discoms. Consequently, the power purchase agreement also could not be signed within the stipulated period of 1 year from the date of award.

We sought an extension of 1 month, from August 31 to September 30. However, both agreements could not be signed before that date. As per the stipulations of the RFP, since these agreements had not been signed, the LOI/LOA that was issued stood cancelled, and the bid security submitted by us was refunded to us. So, we safely exited from the project and realized our bid security. This project will no longer be part of our order book.

Shravan Shah – Dolat Capital: Okay. Lastly, once we received the stay order from the High Court, we are now bidding, and whenever the final hearing takes place in November, things will remain as they are, so we should be able to continue participating?

Management: Yes. We are participating, and we should be able to participate further as well.

Shravan Shah – Dolat Capital: Okay. Thank you, and all the best, sir.

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

Parikshit Kandpal – HDFC Securities: Hi, sir. My first question is on diversification. Earlier, we were looking to diversify from roads into water. Somehow, that has not played out. The industry is not doing well, and payments are not coming. Then we thought we would move into renewables, and this BESS order has been cancelled. Given what is happening with inflation on the battery side, I think it is a good exit for us that we did not continue with this project.

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Now you are planning to move beyond India to Kazakhstan, despite giving a very robust commentary on the upcoming pipeline in India. The signals seem mixed. I am not able to understand how growth will come in the order book beyond roads. Whatever orders we are winning are in roads or MDO. How should one look at order book growth in the near future, this year and perhaps next year? How is the internal strategy team thinking about growing from here in terms of order backlog or revenues?

Management: Mr. Parikshit, our focus will continue to be on highways, given the very robust pipeline of opportunities available in the highway sector across implementation models, including HAM, EPC, and BOT toll. Highways will continue to be our focus sector for expanding our business.

Nonetheless, in the case of water, there are certain issues. However, during the quarter ending September 30, over the 3 months, the government released Rs.267 crore towards our pending payments. Accordingly, the outstanding amount as of June 30 has now reduced substantially as of September 30. Going forward, we also expect to receive the payments on time. Therefore, there should not be any issue in the water sector in the end.

Similarly, in the irrigation sector, there has also been some encouraging development. During the quarter ending September 30, we received Rs.183 crore towards the project from the government of Andhra Pradesh. This is also a substantial realization that we received from the government of Andhra Pradesh. We booked around Rs.500 crore of revenue and completed around Rs.80 crore of work during Q2.

The situation in irrigation is also improving. With regard to coal mining, there were initial difficulties because of severe resistance from local people in vacating the land and removing encumbrances and encroachments. However, things are now improving there as well, and in October we were able to achieve better execution in coal mining. This MDO and many other projects are also coming up, so we do not see any issue.

The only issue occurred with NHPC, but it is also a blessing in disguise because, due to the ongoing West Asia conflict, there has been a steep increase in the prices of input materials and other items, including batteries, as well as logistics costs. Although we exited from the project, it is better for us.

In the case of the Kazakhstan project, it is a road project. We have more than 3 decades of core expertise in the road sector, so even if we secure projects in Kazakhstan, we should be able to execute them. Similarly, the project we submitted in Georgia is also a road project. In these countries, we are targeting road projects where we have our core competency. We should be able to execute these projects successfully. Apart from Kazakhstan, we are also pursuing opportunities in Uzbekistan and the United Arab Emirates.

As of now, as the Managing Director mentioned, we have submitted 17 bids, which are under evaluation. The price bids for the 17 bids are yet to be opened, comprising 13 EPC bids, 3 HAM bids, and 1 TBCB bid for power transmission across various projects.

Overall, roads will remain our core area, with 63% of our order book comprising road sector projects. We are also undertaking other diversification in a very calibrated manner. We see some synergy between roads and other sectors, such as railways and other linear projects. We believe

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that expansion into other sectors will enable us to maintain sustainable growth and resilience in challenging times.

Parikshit Kandpal – HDFC Securities: Sir, I completely understand that, but the opportunity seems to be compressing. The bids we are seeing even in roads, which is your largest segment, are extremely aggressive. I do not know whether people will make money on those bids. The chances of us winning despite a slowdown in ordering, at a very aggressive bid, do not add up to margins, profitability, or growth.

Power, as I said, has seen you exit BESS. It is good that you exited, but I do not know what the opportunity is for us on the BESS side now. That growth driver has also somehow become muted. In railways, I do not see any major order wins by you. So, the concern is, how does the company grow over the next 2–3 years? That is the challenge I am not able to understand right now.

Yogesh, perhaps you can explain how you are thinking about growth from here on a base of Rs.6,000 crore of revenue, which you are saying you are likely to achieve this year, given that we had a weak [cut off]

Parikshit Kandpal – HDFC Securities: ...first half. We have to achieve almost Rs.3,500 crores of revenue in the second half. So, Rs.6,000 crore itself looks a little challenging. On this base, how do you think you can grow at 10–15%?

Management: Given the order book of Rs.18,000 crores that we have, which is our unexecuted order book, we should definitely be able to achieve Rs.3,000 crore-plus turnover in the next 6 months, in H2. The order book does not include the BESS project. From the beginning, we never included the Rs.2,000 crore BESS order in that order book. Our order book now stands at Rs.18,000 crores. Such an order book should definitely enable us to achieve the Rs.3,000 crore-plus turnover in H2. We do not see any major challenge in achieving the 30% growth for which we gave guidance.

Going forward, even at the end of the current financial year, we will still have an opening balance of Rs.15,000 crores or more of unexecuted order book. This is even without considering any new orders. If we consider new orders, there will be further additions.

Second, in the case of competition, there is competition in EPC and smaller-size projects. We see that competition will be lower in large-scale projects and in fund-based projects such as HAM and other similar projects, where investment needs to be made. Therefore, we do not see fierce competition there. We expect some projects to come.

As I said, we are also expanding into TBCB projects. A large number of projects are coming up. In railways, more than 400 projects have been launched across the railway zones. We are bidding very actively in railways, and we expect to secure some projects in the railway sector as well.

Parikshit Kandpal – HDFC Securities: Okay. Just one last question on the bitumen {? and steel ?} prices—

Operator: [cut off] Parikshit, sorry to interrupt you, Parikshit. Can you please rejoin for a follow-up? There is a long queue.

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Parikshit Kandpal – HDFC Securities: No issue, sure.

Operator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta – Maximal Capital: Sir, thank you for the opportunity. My first question is again on guidance. We have done Rs.2,500 crore, but that includes, I think, Rs.200 crore of claim received in the last quarter. If we take that out, in the first half we have achieved only around 15% growth, while we have guided for 33% growth, from Rs.4,500 crore to Rs.6,000 crore. If we exclude that Rs.217 crore, I think margins are also lower than 12% for the first half. For the second half, does the Rs.6,000 crore include or exclude that Rs.200 crore? Secondly, from Rs.2,300 crore, we now have to achieve Rs.3,700 crore if we exclude that one-time claim. Can we achieve Rs.6,000 crore and a 12% margin for the full year?

Management: [hesitates] If you look at the pattern, the first half of any financial year would be lower than the second half because of the monsoon and other factors. We achieved Rs.2,664 crores during H1, which includes Rs.217 crores from the arbitration award. The Rs.6,000 crore guidance includes the arbitration award. We are not excluding the arbitration award amount from that guidance. Therefore, the remaining revenue to be earned is Rs.3,336 crores.

Given the order book, with 5 major road projects, 5 HAM projects, and 2 highway projects of MSRDC, these projects are moving into full swing. Many other recently awarded projects will also start in Q3 and Q4. We do not see any major issue or challenge in achieving Rs.6,000 crores in the current financial year.

With regard to achieving the 12% EBITDA margin, because of the Rs.2,664 crores already achieved and the higher revenue in the second half, while fixed overheads remain the same, we should be able to maintain an EBITDA margin of 12% or thereabouts.

Sarvesh Gupta – Maximal Capital: Is this 12% on the remaining Rs.5,800 crore, sir? Because the Rs.217 crore is pure profit, right? Otherwise, your core EBITDA would be around 9% or something like that.

Management: We are giving guidance of a 12% EBITDA margin on the Rs.5,800 crore, excluding the arbitration claim.

Sarvesh Gupta – Maximal Capital: Okay. You mentioned that bitumen has a partial impact on infrastructure players. Does this 12% also take that impact into account?

Management: Yes, that impact has already been taken into account.

Sarvesh Gupta – Maximal Capital: Secondly, since our share price has fallen so much and we have a decent amount of cash on our balance sheet, while we also have some further uses for it, we will be selling down operational assets as we have done in the past. I do not think we will have any shortage of funds as such. Have you thought about conducting an open-market buyback at these prices, which are probably one-fourth of the prices 2-3 years ago? Is there any position of management on that?

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Management: [long pause] [off-mic discussion] Yes. We are thinking along the same lines, to buy back shares.

Sarvesh Gupta – Maximal Capital: Can you also comment on the pipeline? You mentioned that you have submitted bids worth Rs.16,600 crores, whose price bids are yet to be opened. Apart from that, how is the pipeline looking, especially if you can bifurcate it between NHAI, MoRTH, and others?

Management: Apart from the 17 bids worth Rs.16,600 crores that we have submitted, we have identified around 80 projects. There are many projects in the market that have already been launched by different clients. Out of those, we identified 80 projects comprising 35 EPC projects, 25 HAM projects, and 20 DBFOT toll and TBCB projects.

The combined estimated value of these 80 projects is around Rs.1,80,000 crores, which are to be bid over the next 2-3 months and until the end of January. These bids will be submitted.

If you see the bifurcation between MoRTH, NHAI, and other clients such as Railways, NHIDCL, state governments, and others, NHAI, MoRTH, and NHIDCL would account for around 60-65%, while Railways and others would account for around 35-40%.

Sarvesh Gupta – Maximal Capital: Okay, sir. Thank you.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. Should you have a follow-up question, please rejoin the queue. The next question is from the line of Deepak Purswani from Swan Investment. Please go ahead.

Deepak Purswani – Swan Investment: Thank you for the opportunity, sir. Continuing on the international projects, could you share your broader thought process on how we are approaching this from a business point of view, including the required investment, capital allocation, the kind of orders, the competitive landscape, and how we plan to manage supply chain and labor issues? It would be helpful if you could share your perspective on all these aspects. Ultimately, what kind of business are we looking for over a period of time?

Management: In the international arena, as of now we are pursuing opportunities in non-fund-based projects, such as EPC projects. We are not currently looking at fund-based projects where investments need to be made. Therefore, even for international projects, there will not be any significant capital requirement other than working capital needs.

We are also giving preference to projects funded by the World Bank and, in the case of Asian countries, by the ADB, so that there is a continuous flow of funds without being affected by local issues.

Second, we have a team of people who visit these 4 countries very frequently. They assess the local conditions and other factors. We also have, or are developing, country-to-country tie-ups with local players who can provide local support, including logistics support, material support, and other assistance. We are conducting all the due diligence required before submitting our bids.

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With regard to competition, there is competition because international players, particularly firms from China, also participate in these bids. Therefore, competition will exist at both the domestic and international levels. We will have to navigate through that.

Deepak Purswani – Swan Investment: And in terms of—

Management: [cut off] Third, to maintain very low risk, the projects we are focusing on at the international level are highway projects, where we have our core competency and more than 3 decades of experience.

Deepak Purswani – Swan Investment: What about the average order size that we would look for in these kinds of projects, especially in the international market?

Management: In the case of Kazakhstan, as our Managing Director said, projects covering more than 3,000 kilometers have been initiated, with a value of US$9.8 billion, which comes to 4.6 trillion tenge in local currency. This is a substantial opportunity. Similarly, road projects are also coming up in Georgia and Uzbekistan, so there is substantial value there as well.

Operator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial Institutional Securities Limited. Please go ahead.

Vaibhav Shah – JM Financial Institutional Securities: What is the amount of cash and current investments held in PNC Infra Holdings?

Management: Total cash in PNC Infra Holdings is Rs.1,115 crore.

Vaibhav Shah – JM Financial Institutional Securities: It was roughly Rs.1,050 crore as of March. How has it increased?

Management: It increased due to the interest accrued on the FDRs in which we invested through PNC Infra Holdings.

Vaibhav Shah – JM Financial Institutional Securities: Secondly, when do we expect to receive the appointed dates for the 2 new HAM projects and the MP HAM project?

Management: For the MP HAM project, we are expecting the appointed date before December 31. In the case of the new NHAI HAM projects, we are expecting the appointed date in Q4.

Vaibhav Shah – JM Financial Institutional Securities: Are we sure about the timelines for the NHAI HAM projects? Will they come by Q4?

Management: We signed the concession agreement for the NHAI HAM projects on July 16. We have a 5-month period for achieving financial closure, which comes to around December 13. NHAI has 240 days to fulfill its conditions precedent, including providing 80% of the land. That comes to approximately the middle of March. NHAI has time.

Land acquisition is in process. In both cases, around 90% of the ROW 3G has been achieved, and 3H is in progress. Funds are being disbursed to the landowners, so 3H is in progress.

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In our case, within 150 days from the date of signing the agreement, we should be able to achieve financial closure. We also believe that, perhaps 1-1.5 months after that, NHAI should be able to provide 80% of the ROW. The appointed date is expected to be declared during the fourth quarter of the current financial year.

Vaibhav Shah – JM Financial Institutional Securities: If it comes in Q4, what execution are we targeting from those projects in FY28, in percentage terms?

Management: These projects are to be completed in 2 years, or 730 days. The ratio will be approximately 35:65. Therefore, in FY28 we expect 35-40% progress, and 60% progress in FY29. There will not be any significant [trails off]

Management: [inaudible] percent work done during FY27 in the case of NHAI HAM projects, whereas we will achieve some progress, a certain amount of work, in the case of the Bhopal bypass of MPRDC because the appointed date is expected to be declared during Q3 of the current financial year, before December 31.

Parikshit Kandpal – HDFC Securities: On order inflows, you mentioned that we are maintaining the guidance of Rs.15,000 crores. Since the solar order is cancelled, our order inflow for this year is roughly around Rs.3,800 crore. We therefore require more than Rs.11,000 crore of inflows in the second half. How confident are we of achieving the Rs.15,000 crore inflow guidance?

Management: As I mentioned, our unexecuted order book of Rs.18,000 crore does not include the solar project. We never included the solar project in our unexecuted order book. That is one part of it.

Second, we had mentioned order inflows of Rs.12,000-15,000 crores. We have already achieved Rs.4,260 crores. The remaining amount is Rs.8,000-11,000 crores. Given the pipeline of Rs.1.8 lakh crores of new projects that we identified, and the bids worth Rs.16,600 crores that we submitted, whose price bids are yet to be opened, we remain confident that we should be able to achieve the order book guidance we gave for FY27.

Parikshit Kandpal – HDFC Securities: Out of the Rs.12,000-15,000 crore inflow, what are we targeting from international markets?

Management: We are not targeting the international market for this. The order book we are considering is entirely domestic. Since we have just entered the international market, we need to assess the dynamics and other factors. As of now, we are not considering any order from the international market in the current financial year.

Parikshit Kandpal – HDFC Securities: Lastly, on the asset sale, we sold 12 assets. Can you give the total amount we received, what is yet to be received, and where we have used the cash so far?

Management: [pause] The total consideration received from the monetization of the 12 assets is around Rs.2,517 crore. Out of that, Rs.150 crore is yet to be received from the buyer. The total money invested in FDs and [line issue] Tech Limited.

Parikshit Kandpal – HDFC Securities: Sir, your voice got disconnected in between. What was the...

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Operator: Yes, sir, we lost your voice in between.

Management: The total consideration received from the monetization of the 12 assets is Rs.2,517 crore. Out of that, Rs.158 crore is yet to be received from the seller, and the remaining amount is invested in PNC Infra Holdings in the form of FDRs and in PNC Infratech Ltd. in the form of FDRs as well as mutual funds.

Parikshit Kandpal – HDFC Securities: So, roughly, out of Rs.2,500 crore, if you have received closer to Rs.2,300–2,350 crore, of which Rs.1,100 crores is sitting in PNC Infra Holdings, and the remaining Rs.1,200 crores includes approximately Rs.750 crores in current investments, where is the remaining Rs.600 crores?

Management: [off-mic discussion] The remaining amount [off-mic discussion] Rs.1,115 crore is in PNC Infra Holdings and around Rs.800 crore is in PNC Infratech Ltd.

Management: Hello?

Parikshit Kandpal – HDFC Securities: Okay, got it. Thank you, sir. Those were my questions.

Management: Okay.

Operator: Thank you. Ladies and gentlemen, you are requested to restrict your questions to one per participant. The next question is from the line of Vishal Periwal from Prabhudas Lilladher Capital. Please go ahead.

Vishal Periwal – Prabhudas Lilladher Capital: Thanks for the opportunity. You mentioned the cash in Infra Holdings and on a standalone basis. What is the reason for increasing standalone debt when we have cash on the books? Standalone debt has almost doubled in the last 6 months.

Management: We took the debt for equipment financing and working capital. The investments we made in mutual funds are for long-term purposes. We took short-term loans from the banks for 2–3 months. That is why we took the loans from the banks.

Vishal Periwal – Prabhudas Lilladher Capital: Okay.

Management: In addition, the standalone loan we have taken is also an intra-corporate loan. We took it from our subsidiary companies where surplus cash is available.

Vishal Periwal – Prabhudas Lilladher Capital: Is it fair to say that, in terms of investments and cash on the books, we have approximately Rs.4,000 crore of investments plus cash, including investments in various HAM projects?

Management: [off-mic discussion]

Management: Total cash and bank balance on a standalone basis is approximately Rs.3,000 crore.

Management: On a consolidated basis, we have cash and bank balance of Rs.2,936 crores, or around Rs.3,000 crores.

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Management: We have Rs.3,000 crores of cash and bank balance on a consolidated basis.

Management: In addition, we have invested in the SPVs.

Management: Taken together, it is around Rs.4,000 crores.

Management: Around Rs.4,000 crore.

Management: Yes, invested in the SPVs.

Vishal Periwal – Prabhudas Lilladher Capital: Okay, got it. One last thing, sir. Is there any change in the depreciation policy in the first half compared with the same period last year?

Management: There is no change in the depreciation policy in the financials.

Vishal Periwal – Prabhudas Lilladher Capital: Okay, fine, sir. Thank you very much. I will come back in the queue. Thank you.

Operator: Thank you. The next question is from the line of Jaynam Shah from Equirus Securities. Please go ahead.

Jaynam Shah – Equirus Securities: Thanks for the opportunity. On Awadh Expressway and PNC Infratech, while there has been a stay from the High Court, have we incurred any specific costs during the quarter for the penalty, suspension of toll collection, reconstruction, or anything else? I do not see any major change on a standalone basis, but has anything been booked in the subsidiary during the quarter for Awadh Expressway?

Management: No. NHAI has not imposed any penalty because we rectified all the notified defects within the timeline stipulated in the contract. Therefore, there was no delay or anything else in rectifying the defects. NHAI has not imposed any penalty, and no recovery has been made for the toll loss. In Q2, we have not booked anything. The only expenditure booked was the expenditure incurred on repairs and rectification, which was very minimal.

Jaynam Shah – Equirus Securities: Okay, that is all from my side. Thank you very much.

Operator: Thank you. The next question is from the line of Bhavik Shah from Invexa Capital. Please go ahead.

Bhavik Shah – Invexa Capital: Hello, sir. My first question is regarding cash. We have around Rs.1,252 crore of cash on a standalone basis and Rs.1,115 crore of cash in PNC Infra Holdings. What is the ICD amount given by PNC Infra to the standalone company?

Management: The ICD is not given by PNC Infra Holdings. It is given by the operational SPV subsidiaries, and the amount is around Rs.494 crore.

Bhavik Shah – Invexa Capital: Okay, so that is part of my standalone debt, right?

Management: That is part of standalone debt.

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Bhavik Shah – Invexa Capital: Understood. The remaining debt of approximately Rs.900 crores is debt from banks and financial institutions?

Management: Yes, it is from banks and financial institutions for equipment financing and short-term working capital purposes.

Bhavik Shah – Invexa Capital: What is the cost of debt, and what is the rationale for holding cash and not utilizing it while taking on debt? How much are we earning on the investments, and what is our cost of debt? Is there any arbitrage that you are seeing?

Management: We always evaluate on a monthly basis what we are earning and what we are paying on the working capital loan. Accordingly, we change our loan and investment decisions.

Bhavik Shah – Invexa Capital: So, currently, we have an arbitrage and are doing this because of that. Is it fair to say that?

Management: We are not doing this for arbitrage. If you see the Rs.1,300 crores of standalone debt, it comprises Rs.500 crores of intra-corporate deposits or intra-corporate loans from our own company subsidiaries. Surplus cash is available in those SPVs, so we are taking it.

Another major component, of more than Rs.400 crores, is equipment finance. There is an obligation to take debt for equipment finance because that is the industry practice. Whenever we purchase equipment, we take—

Management: That is a 5-year loan.

Management: Yes, that is a term loan. The remaining amount is very small, as my colleague said. For working capital requirements, we take short-term borrowings from banks at very competitive interest rates. It is not specifically for any arbitrage. The corporate debt and working capital loan that we take is very small. Whenever we receive realizations from clients towards outstanding payments, we repay this. The deposits we make in cash and bank balances are on a long-term basis, primarily through mutual funds.

Bhavik Shah – Invexa Capital: Understood. One more thing regarding our order: we have received the stay. What is the way forward now? What are the next steps?

Management: We received the stay. The next date of hearing is November 26. The order says that both parties may file their written arguments, including NHAI's reply. Final arguments will take place. In the writ petition, we asked for the debarment orders to be quashed, and under the CPC, we asked for an interim stay. The court granted the interim stay because, if—

Management: The stay was filed in Rajasthan.

Management: Yes. If the court is convinced about the illegality of the debarment, the debarment orders may be quashed.

Operator: Thank you. The next question is from the line of Mehul Jain from Siddhant Partners. Please go ahead.

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Mehul Jain – Siddhant Partners: Am I audible?

Operator: Yes, sir.

Management: Yes.

Mehul Jain – Siddhant Partners: Thank you for the opportunity. I have 2 questions. The first is with respect to this Rs.3,000 crore. If I understand correctly, roughly Rs.932 crore is the equity commitment we have, including the balance equity commitment of Rs.400 crore for HAM. My first question is about the balance Rs.2,000 crore. Is there any plan that we have formulated, or are trying to formulate, for deploying this?

My second question is that, since we are now also looking at overseas opportunities, is it correct to say that we are unable to find the right growth opportunities within the domestic space, which is the reason we are exploring this? In the past, overseas geographies have not worked well for infrastructure companies, if you look at the period from 2000 to 2010-2011 through the 2020 decade. Many companies have made mistakes in those areas. What are your thoughts on this?

Management: The first question is about the ongoing projects where we need to invest equity of more than Rs.900 crores, as we have already secured these HAM projects.

We are also pursuing 25 HAM projects with an estimated cost of Rs.50,000 crores. Even if we secure some projects under this particular model, we will need to invest further equity in these projects.

We are also pursuing TBCB power transmission projects as well as DBFOT toll projects. These comprise around 20 projects with a total estimated value of Rs.95,000 crores. If we secure any of these projects, and we are fairly confident about securing new projects, there will be a fresh equity requirement for these projects. The remaining Rs.2,000 crores that is available will then be utilized for equity purposes.

In the case of international projects, projects were earlier coming up in Africa and other regions, and there had been some issues. However, projects are now coming up in the erstwhile USSR countries, such as Uzbekistan, Kazakhstan, and others. Second, these projects are primarily in the road sector, where our expertise lies. Therefore, we are pursuing them.

As I mentioned, these projects are primarily funded by the World Bank and ADB. We do not foresee any funding issues or interruptions in payments. That is the safe area we are looking at.

It is not the case that we are moving into the international sector because we are unable to secure projects in the domestic sector. We are going into the international sector to complement our domestic business and broaden our horizons. It is complementary in nature.

Mehul Jain – Siddhant Partners: How is the return and margin profile for domestic projects compared with overseas projects?

Management: Since we do not have any first-hand experience in overseas projects, we cannot say. However, we are targeting similar returns to what we achieve domestically, with EBITDA margins of

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12-12.5%. We will also look for similar margins in the international market while bidding.

We are also not pursuing any fund-based projects there. Initially, we are pursuing cash-based projects, such as [inaudible], and in some cases, perhaps item-rate projects.

Mehul Jain – Siddhant Partners: Understood. I think that is all from my side, sir. I will get in touch offline. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial Institutional Securities Limited. Please go ahead.

Vaibhav Shah – JM Financial Institutional Securities: What is our capex guidance for FY27 and FY28?

Management: [line issue] Hello?

Vaibhav Shah – JM Financial Institutional Securities: Sir, what is the capex guidance for FY27 and FY28?

Management: Yes, capex. [long pause]

Management: Capex, capex.

Vaibhav Shah – JM Financial Institutional Securities: Capex, capex.

Management: Okay, capex.

Management: For FY28, we are giving guidance of around Rs.150 crore of capex.

Vaibhav Shah – JM Financial Institutional Securities: And FY27?

Management: Around Rs.200 crore.

Management: Total.

Vaibhav Shah – JM Financial Institutional Securities: The first half is already Rs.155 crore, right?

Management: Yes, already—

Management: Already invested.

Management: We have incurred capex of Rs.155 crore, and for the balance period, the total amount will be Rs.200 crore.

Vaibhav Shah – JM Financial Institutional Securities: Probably only Rs.50 crore in the second half?

Management: Yes, correct.

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Vaibhav Shah – JM Financial Institutional Securities: Secondly, you mentioned that you are quite confident of achieving order inflows of Rs.12,000–15,000 crore, implying incremental inflows of Rs.8,000–11,000 crore in the second half. But if the NHAI orders do not come in our favor and the ban continues after November, are we still maintaining our guidance, or could there be a risk to the guidance?

Management: That is a somewhat hypothetical scenario. We hope that the stay or relief will continue beyond November 26 as well. NHAI is coming up with a large number of projects, both HAM and TOT.

Management: We are bidding in railways as well.

Management: There are also more than 400 project opportunities in railways. Therefore, we are still hopeful of receiving Rs.8,000–11,000 crore of new orders before March 31.

Vaibhav Shah – JM Financial Institutional Securities: Let me put it another way. What would be NHAI's share of that Rs.8,000–11,000 crore?

Management: NHAI would account for the majority share. More than 50–60% would come from NHAI, MoRTH, and NHIDCL, and 30–40% would come from non-NHAI sources.

Vaibhav Shah – JM Financial Institutional Securities: Okay. Thank you, sir. Those were my questions.

Operator: Thank you. The next question is from the line of Deepashree Joshi from Ambit Capital Private Limited. Please go ahead.

Deepashree Joshi – Ambit Capital Private Limited: Hello, sir. My question is on your canal project. What would be the guidance for FY27 and FY28?

Management: FY27?

Deepashree Joshi – Ambit Capital Private Limited: Yes.

Management: As of now, we have paused the work because water is released into the canal system. Effectively, we get around 6 months of working time in a year. We expect to resume the work from the middle of November. In the current financial year, we should be able to execute another Rs.60–70 crores of work, and in FY28, we are targeting around Rs.400 crores of work.

They have granted an extension of time up to December 31, 2028, for completion of the project.

Deepashree Joshi – Ambit Capital Private Limited: Got it.

Management: We have already executed Rs.495 crores of work.

Deepashree Joshi – Ambit Capital Private Limited: So, approximately Rs.790 crores is now left, right?

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Management: Yes, madam. We should be able to complete that over the next 2 financial years. As we mentioned, we received around Rs.183 crores from the government, which is an encouraging development. We received it during the current quarter.

Deepashree Joshi – Ambit Capital Private Limited: Okay, got it. In your mining project, you have done about Rs.260 crores in the current year to date, but you are guiding for only Rs.350-400 crores for FY27. Why are you lowering your guidance for the second half?

Management: It is not Rs.250 crore. The total—

Management: H1 is—

Management: In H1, we completed around Rs.160 crores up to the end of September. We are expecting another Rs.200 crore-plus during H2.

Deepashree Joshi – Ambit Capital Private Limited: Okay, got it. My last question is on the Rs.7,500 crore guidance for FY28. With the BESS project now cancelled, are you still maintaining your Rs.7,500 crore guidance? Where will you get the visibility for that from?

Management: Yes. Excluding the BESS project, as of now we have an unexecuted order book of Rs.18,000 crores. We expect to execute another Rs.3,000 crore-plus, or Rs.3,300 crores, in the current financial year. Even with the existing order book, our opening order book for FY28 would be Rs.15,000 crores, plus whatever new orders we secure during H2 of the current financial year.

With an order book of more than Rs.25,000 crores, we should be able to achieve Rs.7,500 crores, which is approximately 25% growth over FY27.

Operator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to management for closing comments.

Management: Thank you, everyone, for your active participation in our earnings call. In case of further queries, you may get in touch with Strategic Growth Advisors, our Investor Relations advisors, or feel free to get in touch with us. Thank you.

Management: Thank you.

Operator: Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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