

To,
The Manager,
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

Scrip Code : 533271

August 21, 2021

Sub: Call Transcript

Please find enclosed herewith the copy of transcript of the Earnings Call held on August 12, 2021 in respect of Unaudited Standalone and Consolidated financial results for the quarter ended June 30, 2021.

Kindly take the matter on your record.

Thanking you,

For Ashoka Buildcon Limited



Manoj A. Kulkarni
(Company Secretary)

ICSI Membership No. : FCS – 7377





“Ashoka Buildcon Limited
Q1 FY2022 Earnings Conference Call”

August 12, 2021



MANAGEMENT: **MR. SATISH PARAKH – MANAGING DIRECTOR**
MR. PARESH MEHTA – CHIEF FINANCIAL OFFICER

ANALYST: **MR. ASHISH SHAH – CENTRUM BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and a very warm welcome to the Ashoka Buildcon discussion on Q1 FY2022 Results and Future Outlook Call hosted by Centrum Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Shah from Centrum Broking Limited. Thank you and over to you Ashish!

Ashish Shah: Thank you Ali. A very good afternoon to everyone. On behalf of Centrum Broking I welcome you all to the Ashoka Buildcon’s Q1 FY2022 results earnings call. We have from the management Mr. Satish Parakh – Managing Director. We have Mr. Paresh Mehta – Chief Financial Officer of the company and we also have representatives from the Stellar Investor Relations. Over to you sir for your opening remarks. Thank you.

Satish Parakh: Good afternoon everyone. I would like to extend a very warm welcome to everyone on our earnings call for the quarter ended June 30, 2021. I hope you all and your dear ones are safe and healthy. Along with me, I have Mr. Paresh Mehta, our Chief Financial Officer on the call.

Before I take you through the operational performance highlights, I would like to brief you on the key industry updates. Last fiscal year, the road infrastructure industry defied COVID-19 by delivering a stellar performance on the back of robust project awarding and record construction with a relaxation in lockdown in the second half. The second wave of COVID-19 has marginally slowed the growth momentum during the quarter. Awarding activities remained muted in

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Q1 FY2022, particularly from April to May primarily due to the increase of COVID-19 cases. However, with NHAI robust order pipeline and a steady stream of funds from budgetary outlay, borrowings, and TOT route, the ordering activity is to remain buoyant for FY2022.

In terms of construction, the pace of highway construction has slowed amid rising COVID-19 cases. In April to June highway construction totaled up to 2,824 km up 25% from corresponding last year. Despite the constraint posed by COVID-19 the pace of construction in the quarter was faster than Q1 FY2020. During April, June 2021-22 the highway construction rate was 25.37 km per day compared to 23.29 km per day in April, June 2019-20. A number of industry friendly measures including, better cash flow to the contractors kept the execution momentum going during the quarter. We believe with an improved COVID-19 situation, an accelerated vaccination drive, enhanced ordering activity FY2022 execution target of 40 km per day set by the government can be achieved.

On the toll collection front, toll collection began to improve from second half of FY2021 as economic activity began to recover. The second wave of COVID-19 led restrictions affected the toll collection in month of April and May. As the number of COVID incidences decreased and lockdown relaxed we are seeing a modest improvement in the toll collection from the second week of June. This is expected to improve further going forward. Due to declining COVID-19 instances, optimistic GDP growth, record high FDI and positive growth in core sector indicate us. In 2022 we anticipate modest double digit growth in toll collection related to the lower base of FY2021.

Now coming to the company's performance, the second wave of COVID-19 had a less severe impact on business operations than the first wave. April and May saw a modest slow down in execution momentum,

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but as the overall general situation improved, execution began to pick up. At present we are operating at 100% efficiency level. The execution of all 8 HAM project is progressing well. In terms of equity investment, the total equity requirement of all HAM projects including PIM is Rs.1317 Crores of which we have already invested Rs.814 Crores as of June 2021. Incremental equity requirements of FY2022 and FY2023 are Rs.184 Crores and Rs.141 Crores, respectively.

Now coming to the order book, in the month of July we won projects worth Rs.1,031 Crores which includes an order of IRCON International Limited of Rs.431 Crores for supply, erection, testing and commissioning of electromechanical system and also an order worth Rs.600 Crores from Zodiac Healotronics Private Limited for construction of 600 beds superspeciality hospital, medical college, and residential quarters. With this the total inflow of fiscal 2022 stands at Rs.2,980 Crores. The company's total order book cash on June 30, 2021 stands at Rs.9,472 Crores the order book excludes Zodiac Healotronics and IRCON International worth Rs.1,031. Including this, the order book stands at Rs. 10,503 Crores. The breakup of this order book is as of 30 June 2021 is Road project comprises around Rs. 6,133 Crores, which is 65% of our total order book. Among the road projects, HAM projects are worth Rs.3,135 Crores and EPC are Rs.2,998 Crores, power T&D and others comprises of Rs.1,317 Crores which is 14% of total order book. EPC building segment comprises of Rs.1,235 Crores which is 13% of total order book and railways stands at Rs.722 Crores which is 8% of order book and EPC work from CGD business comprise of Rs.65 Crores.

With this I hand over the call to Paresh Mehta for financial results Q1 FY2022.

Paresh Mehta: Good afternoon everyone. The results presentation and the press release for the quarter have been uploaded on the stock exchanges and on the company's website. I believe you all may have gone through the same. Now, I will declare the financial results for the quarter ended June 30, 2021. Starting with the consolidated results, the total income for Q1 FY2022 grew by 65% year-on-year to Rs.1310 Crores as compared to Rs.793 Crores in Q1 FY2021. EBITDA stood at Rs.424 Crores in Q1 FY2022 with a margin of 32.3%, PAT is at Rs.80 Crores in Q1 FY2022, PAT margin of 6.1%. Coming to the standalone numbers, the total income for Q1 FY2022 stands at Rs.1059 Crores as compared to Rs.621 Crores in corresponding quarter last fiscal, registering a growth of 71%. EBITDA for the quarter was at Rs.167 Crores with EBITDA margin of 15.8%. The company reported a PAT of Rs.101 Crores in Q1 FY2022 with a margin of 9.6%. During Q1FY2022, BOT division recorded a toll collection of Rs.208 Crores as against Rs.133 Crores in Q1 FY2021 and Rs.262 Crores in Q4 FY2021. Total consolidated debt as on 30th June 2021 stood at Rs.6241 Crores, of which project debt is 5715 Crores. The standalone debt is at Rs.526 Crores, which comprises of 138 Crores of equipment loans and Rs.388 Crores of working capital loans. During quarter we have made the payment towards deduction of Rs.150 Crores of NCD with interest limit of Rs.18.2 Crores. Further to this, ACL has issued new NCDs amounting to Rs.250 Crores post 30th June 2021.

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

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

Vibhor Singhal: Good morning sir. Thanks for taking my question and congrats on a great performance yet again. Sir given that we have clocked a very strong performance in this quarter would you like to give some guidance

for this year as to what is the kind of top line that we are looking in this year and with what margin?

Paresh Mehta: We expect to close the year by at least 25% above last year's turnover with general EBITDA margins with the tune of 12.5% to 13% without other incomes and to the tune of approximately 15% to 15.5% including other incomes that is the target which we keep ourselves for.

Vibhor Singhal: Okay so 25% kind of what we are looking to cross Rs.4100 for the full year?

Paresh Mehta: Yes.

Vibhor Singhal: Sure sir. My second question is on the debt front so the standalone debt risen in this quarter if I am understanding it correctly is it because we have borrowed to repay the NCD in this quarter and which therefore probably be refurnished in Q2 as you said that we replace it with another NCD?

Paresh Mehta: That's the reason because on the year end we have used our cash credit to pay off the NCD and we immediately in the first week of July NCD which ACL issued of Rs.250 Crores was return back to Ashoka Buildcon So your assumption is right that the standalone debt as on quarter end is optically higher only for that date.

Vibhor Singhal: Okay so the end of Q2 we can expect to again fall by 150 to 200 Crores?

Paresh Mehta: It should fall back, if the execution is better it will accordingly change marginally.

Vibhor Singhal: Sure sir definitely. Sir how is the payment cycle looking like in terms of payment from various government bodies, NHAI, real estate government projects or specifically our power distribution projects that we have in

the state of Jharkhand and basically Gujarat of course also so what is the payment status from these projects? Are they delayed on time give some color on that?

Paresh Mehta: As far as power projects are concerned we have definitely improved our collections during this quarter, but Bihar we have received certain old dues which are there on the SG account. In Jharkhand for the payments we expect that they should coming in by this quarter end, September end substantial payment should come that account of so there is allocation of funds for these states to be happening. Jharkhand is definitely running through a tight frame but I think so within quarter time they should pay us.

Vibhor Singhal: So that is the payment cycle from NHAI and other state government?

Paresh Mehta: They are quite smooth, NHAI is very prompt in their payment with the extension of multi placement scheme by NHAI definitely NHAI is keeping the pace of execution with their payment schedule in time so there is no worries on NHAI account.

Vibhor Singhal: Sure sir. Lastly if you could quantify what is the receivable from Bihar and Jharkhand state governments for the power projects as of now.

Paresh Mehta: See approximately Bihar would be to the tune of around 163.11 Crores and Uttar Pradesh would be around 169.77 Crores and Jharkhand of 100.32 Crores.

Vibhor Singhal: Jharkhand is how much?

Paresh Mehta: 100.32 Crores altogether, of which delayed outstanding is 32 Cores that is what I was trying to say. So from Bihar around 163.11 Crores, from Jharkhand 100.32 Crores and from Uttar Pradesh 169.77 Crores.

- Vibhor Singhal:** Sure sir. Thank you so much for taking my question and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Seetaraman from Spark Capital. Please go ahead.
- Seetaraman:** Thank you sir. Can you give us an idea about the order in flow for the rest of the year that you foresee for the overall FY2022 and FY2023 you foresee across the segment?
- Satish Parakh:** As of now we have bagged around Rs. 3000 Crores and another Rs. 4000 Crores is our target for this year which includes highways and railways and building vertical which we have now started.
- Seetaraman:** So 4000 Crores for the rest of the year?
- Paresh Mehta:** Yes.
- Seetaraman:** On the margin side do you expect the margin to dip considering that since you are going to take the building contract generally the EBITDA margin in those contracts lower compared to the road contracts so overall do you expect the margins to dip?
- Satish Parakh:** Overall margins will remain same whether it is building, roads, railways or margins almost will remain same. EBITDA may change, but net margins are going to be same because there is no capex, very less capex in these buildings.
- Seetaraman:** And what is the capex that you expect for FY2022 and FY2023?
- Paresh Mehta:** Actually this year we are not expecting capex of more than 25 or 30 odd Crores as planned. Based on new projects which would be coming in we may decide to look at it but then that will overflow into FY2022 - FY2023 year.

- Seetaraman:** Okay what did you mention the FY2022 and FY2023 equity please?
- Paresh Mehta:** The equity investment that was Rs.184 Crores for FY2022 and Rs.141 Crores FY2022-23. This is the total requirement for the current set of projects.
- Seetaraman:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** Thank you. Sir wanted to understand your strategy on diversification? What is the ideal mix of business segment that you are looking at and what will be the key focus area going forward?
- Satish Parakh:** Yes the key focus area will always remain highways and railways so 70 to 75% of our order book will be highways and railways and we are becoming full range EPC players in buildings, power and other segments so that would comprise around 30%.
- Ankita Shah:** Within buildings what kind of building projects?
- Satish Parakh:** These are basically EPC contracts so it could be residential, it could be warehousing, it could be hospital and this all basically we had been doing through the catch back which we have restarted now so there is huge opportunity in the segment also.
- Ankita Shah:** So in the balance Rs, 4000 Crores of inflow that you are looking at you are expecting what is the kind of pipeline do you expect?
- Satish Parakh:** 3000 Crores we expect from Railways and Highways and around 1000 to 1500 Crores on other building works.

Ankita Shah: Sir on margins for the quarter would you like to highlight on what are the key issues that led to drop in margins in this quarter? Was it because of the increase in raw material prices or is there something else that had impacted?

Paresh Mehta: No if you see the past few quarters where the margins have looked robust these were mainly on account of projects coming to an end and certain contingencies getting released from the budget and contributing to the higher margin. The margin today which we have and which we expect for the coming quarters would be in the range of 12 to 12.5% which we believe is the standard margin guidance which we have been always giving unless there is event like a project closure and contingencies or bonus being accounted for, I think the margin will continue to remain at 12 to 12.5%.

Ankita Shah: Okay got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: Thanks for taking my question and congratulations on good set of numbers. Sir my question is on revenue breakup. Can you give us a revenue breakup between roads and EPC, railways, power, CGD for the quarter and comparable Y-o-Y?

Paresh Mehta: So the road exhibition was 816 Crores against 475 Crores last year, the power was 38 Crores against 34 Crores last year, Railway was 98 Crores against 36 Crores last year and miscellaneous works approximately of 20 Crores. These are major breakup.

Jiten Rushi: The CGD is included in this?

- Paresh Mehta:** CGD is small number approximately 6 Crores in this quarter compared to 2 Crores in last year.
- Jiten Rushi:** Balance sheet numbers if you can help with debtors, creditors, retention and unbilled and mobilization advances?
- Paresh Mehta:** As I said total debtors for certain states which we had explained but coming to the total debtor position would be Rs.1312 Crores against which there is an advance of Rs.381 Crores and accordingly the total payment position of debtors, Rs.1312 and Rs.381 Crores advances
- Jiten Rushi:** So what would be the creditors unbilled revenue retention advances?
- Paresh Mehta:** Unbilled revenue would be around Rs.2650 Crores and retention which is part of the total debtors will be around Rs.307 Crores.
- Jiten Rushi:** Okay so in Rs. 1312 Crores, Rs.307 is included right sir?
- Paresh Mehta:** Creditors value, I will help you later on.
- Jiten Rushi:** Mobilization advances outstanding?
- Paresh Mehta:** As I said that is approximately Rs.381, total advance Rs.381 Crores.
- Jiten Rushi:** Sir on the project front what about the land status of the Tumkur project 3 & 4 and last time you were saying there was some advanced stages of land acquisition so what is the status now and when can we expect the appointed date for these projects?
- Satish Parakh:** So Tumkur 3 around 94% available, we have also done financial closure for Tumkur 3. Works have already started, for Tumkur 4 only 65% is done and we expect in another two months it should cross 80%.

Jiten Rushi: So basically sir what was the rate of interest for financial year closure in 3 and which bank and when do we expect the appointed date sir?

Paresh Mehta: Punjab National Bank is the financier for both these projects and in the sense TS3 is already with them, TS4 is in process unless land is available bankers will not issue the sanction letters it will be done. Secondly approximately in the range of 9% is the rate of interest at which we have closed the HAM projects.

Jiten Rushi: So basically appointed date we will receive this week only?

Paresh Mehta: This week we will receive.

Jiten Rushi: Sir on the other projects like NTPC, solar project so what is the status whether the work has started and recently one project in Maldives when do we expect the work to start, obviously the quarter has been good in terms of awarding active inflow so when can we expect these projects to contribute to the revenue and NTPC solar projects sir?

Satish Parakh: NTPC solar project has started now, land has been acquired and part of it has been handed over, balance part will be handed over and then the project will begin. So this actually included purchasing land and handing over to NTPC. So that part is getting done and it will get started in end of Q2 or start of Q3, actual physical activities will start on the ground. As far as Maldives is concerned, Q3 is what we expect to start because the process has to be cleared by the Exim bank and then once that is done then the project starts.

Jiten Rushi: So in Maldives will we get any mobilization advance sir?

Satish Parakh: We have mobilization advance clauses in Maldives project, 20% advance is there.

Jiten Rushi: Interest bearing sir?

Satish Parakh: These are not interest bearing.

Jiten Rushi: Sir I have more question, I will come back in the queue. Thank you sir

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

Parikshit Kandpal: Sir just wanted to know about monetization update for the first quarter.

Paresh Mehta: Monetization process is concerned it is quite seriously we pursue. On all the aspects under ACL portfolio that is 10 HAM assets, 6 BOT assets, and one annuity assets in which they are doing a due diligence and they are almost on the verge of completing diligence process and we would immediately go into the share purchase agreement drafting process so these all process is going on with an intention to give exit to SPI Macquarie it will be in this financial year.

Parikshit Kandpal: We were looking towards more like end of this year because of COVID has it got delayed by like towards the end of financial year, the timing?

Paresh Mehta: Definitely there is impact of COVID because sharing of information and data collection because slightly difficult when the second wave also came in April-May, but both the investor and investee both are seriously working on getting the process over.

Parikshit Kandpal: I understand the GST collection that is again in court of contention, so how are the investors presuming that when they are reevaluating valuation of the HAM projects

Paresh Mehta: You are very right and these are some of the reasons which you know kind of delay the process of evaluation and SPI drafting and we are trying to sort that out in such a way that the investor is... because he is

giving a value today so he has made neutral on that account. So we are also pursuing this with NHAI on how they are going to actually take steps to ensure that the GST collection is fair for all the projects which have been bid in the past.

Parikshit Kandpal: So when is the notification expected sir from NHAI?

Paresh Mehta: Soon enough because they have promised a couple of weeks back that they should coming out soon enough so I think so within a week's time or 10 days time I think they should come out with a clarity how they are going to treat with application of GST on HAM or either full annuity projects.

Parikshit Kandpal: Just to refresh our memory, last time we were also looking at the exiting whenever this monetization happens we will also monetizing our stake that thought process continues right?

Paresh Mehta: So I think it will definitely depend on how the investor is looking at as we had already communicated in the past investors are typically looking out for 100% acquisition of SPV so end of the day probably we will also get into the same process of monetizing.

Parikshit Kandpal: Including BOT and HAM both.

Paresh Mehta: As I said when the investors are looking at the whole portfolio, BOT and HAM and annuity.

Parikshit Kandpal: This could be multiple platforms and multiple investors some people will take it.

Paresh Mehta: It could be.

Parikshit Kandpal: For FY2022 what kind of growth we are looking at the EPC level?

Paresh Mehta: On the EPC business yes we are targeting a growth of at least 25% this year because you have seen that pandemic typically has a lesser impact, the second wave was not so much of an impact, we believe that the third wave also will not be having so much impact so I think we will achieve this kind of a target based on the order book also available with us now.

Parikshit Kandpal: Sir I just wanted to know how is the total interest bearing debt, the debt number you have given in the presentation so you spoke about the mobilization advance, besides that how much is the expenses which are sitting on our book?

Paresh Mehta: You want the rate because interest debited for the standalone debt is around 16 odd Crores so you are looking for?

Parikshit Kandpal: I want the total interest bearing liabilities on the books including mobilization advance, debt, and acceptances.

Paresh Mehta: Approximately 6500 so this is 6240 Crores which is the debt on the books and mobilization of advance of approximately 200 odd Crores on projects like Bundelkhand and NTPC.

Parikshit Kandpal: Creditors support including that I was asking more on the standalone side, how much is acceptance which is there besides the mobilization advance and working capital?

Paresh Mehta: Exactly it is around 225 Crores on mobilization advance and standalone debt of around 500 odd Crores.

Parikshit Kandpal: No acceptances are there on the book.

Paresh Mehta: No other debt, so another debt which at ACL which we have recently taken after 1st July is Rs. 250 Crores of NCD which should also carry cost.

Parikshit Kandpal: Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Seetaraman from Spark Capital. Please go ahead.

Seetaraman: Sir can you give us the O&M expenses for the HAM project on yearly basis.

Paresh Mehta: Probably you can take it separately because each projects will have a different kind of structure because some are rigid payment, some are asphalt payment so probably you can take it off line can give a data of on each project what is the O&M expense.

Seetaraman: Okay. What is the reason for refocusing on building contracts?

Satish Parakh: There is a huge opportunity in this segment and we understand EPC we basically are EPC player so wherever EPC opportunity is there definitely we are going there.

Seetaraman: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi: Good afternoon sir. Congratulations for a great set of numbers. Sir two questions from my side. One what was the standalone level cash and what was the equity that we include in this quarter. Secondly what is the kind of competitive intensity that we are seeing across segments like roads, power, building, railways, etc.

Paresh Mehta: So the standalone cash is around 46 Crores only. This is one. Second question could you repeat?

Parvez Akhtar Qazi: What was the equity that we issued in this quarter?

Paresh Mehta: In this quarter we issued approximately 11 Crores for Q1

Parvez Akhtar Qazi: And the competitive intensity across sir?

Paresh Mehta: Competitive intensity continues to be there. There are a large number of players coming in for BOT as well as EPC, but it is comparatively less in the HAM projects, but the intensity is there.

Parvez Akhtar Qazi: Lastly, what is the land status on the EPC project that we have won in the Kharar, Chandigarh corridor.

Satish Parakh: So in Kharar one 3G is already at advanced stage and maybe by the end of Q2 100% 3H will be done.

Parvez Akhtar Qazi: Thanks. That's it from my end.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL. Please go ahead.

Anupam Gupta: Thanks for the opportunity sir. Just couple of questions. Mostly for the BOT portfolio what sort of support will we need to give in this year also because first quarter was weakened because of toll collection?

Paresh Mehta: Other than Sambalpur project which requires a bit of support other projects are managing on their own in spite of EBITDA decline in the traffic they will be able to serve the debt and its own expenses.

Anupam Gupta: In Sambalpur how much we support?

Paresh Mehta: Around 40 Crores.

Anupam Gupta: As loans driven right?

Paresh Mehta: Yes.

Anupam Gupta: In the order book, apart from the two Tumkur-Shivamogga packages and NTPC Maldives and Kharar project which are yet to start any other project which is slow moving or yet to start.

Satish Parakh: G-Ride around 300 Crores is yet to start, it will start now.

Anupam Gupta: Every other project is running largely on track?

Paresh Mehta: Absolutely.

Satish Parakh: That's all from my side sir. Thank you.

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

Parikshit Kandpal: Sir my question is on equity investments, you can just break it up in ACL how much is our equity and ABL debt and in HAM portfolio what is the equity and debt as well?

Paresh Mehta: So in ACL our total equity is including that is basically in the form CCD is to the tune of 1900 odd Crores. The Debt from ABL is approximately Rs. 1100 Crores this is after liquidating NCD of 150 Crores as of 30th June. These numbers are as of 30th June.

Parikshit Kandpal: About 800 Crores of SBI Macquarie, so 1100 ours, 800 is SBI Macquarie and what is the debt in this portfolio?

Paresh Mehta: 1100 Crores. You are talking about debt by ABL?

Parikshit Kandpal: Bank debt on this portfolio

Paresh Mehta: Bank debt on this portfolio would be to the tune of around 5700.

Parikshit Kandpal: What is the total equity in the HAM portfolio now, over and above this we have invested in HAM so how much is like invested in HAM?

Paresh Mehta: So total invested in HAM project up to this quarter end would be around 650 Crores.

Parikshit Kandpal: Against that how much will be the debt?

Paresh Mehta: Against that number of debt I will have to work it out.

Parikshit Kandpal: So 5700 Crores includes HAM debt right, the banking debt?

Paresh Mehta: Yes it includes all.

Parikshit Kandpal: I just wanted a breakup of the ACL debt and HAM debt out of the 5700?

Paresh Mehta: Around 1800 Crores.

Parikshit Kandpal: In HAM it is 1900 Crores.

Paresh Mehta: Yes in HAM projects.

Parikshit Kandpal: So 5700 minus 1900 balance is the debt in the BOT

Paresh Mehta: Right.

Parikshit Kandpal: So total equity investment of about 2560 Crores so your share 800, SBI Macquire 650 and HAM is about 2500 Crores of investment is there overall in the portfolio and debt of about 5700?

Paresh Mehta: Right.

Parikshit Kandpal: Okay, thank you so much.

Moderator: Thank you. The next question is from the line of Ashish Shah from Centrum Broking Limited. Please go ahead.

Ashish Shah: Thank you. Sir what is the status of the Bihar project in terms of the appointed date and when we can expect the work to begin.

Satish Parakh: Both are working well. So started well and we have achieved milestones also, much ahead of schedule.

Ashish Shah: Also last bit on the interest cost there was some sequential dip in the interest cost so any particular reason why that would have gone down?

Paresh Mehta: Basically interest cost has gone down because I mean good payment schedule from NHAI basically and also lot of arbitrage done during this period because good liquidity in the market. We could borrow funds at fine rates in the range of 5.5% instead of drawing our working capital which is on 8.5 to 9%. It kept the interest cost low.

Ashish Shah: Our debt number actually went up because of the NCD.

Paresh Mehta: That was only a blip.

Ashish Shah: So you are saying average debt would have been lower it's only towards the end of the quarter?

Paresh Mehta: Yes.

Moderator: Thank you. The next question is from the line of Rakesh Vyas from HDFC MF. Please go ahead.

Rakesh Vyas: Sir just for clarity. I think Parikshit wanted to understand. I got my numbers wrong. Correct me if that is wrong. The overall inclusion of money by either SBI Macquarie or Ashoka Buildcon into the road portfolio is 1900 Crores of equity and 1100 Crores of support and debt. So total investment is 3000 Crores and not 2500 Crores which Parikshit was talking about.

Paresh Mehta: See he has put it up in a different way. What he put up was the initial equity of around Rs.1900 Crores plus Rs. 650 Crores invested in the

HAM projects that is how he has tried to link it and balance 300 Crores funding for this BOT projects in the past any overrun.

Rakesh Vyas: Effectively the total money is infused is 3000 odd Crores and the portfolio has a total debt of almost 5700 Crores including the under construction projects so that is helpful. Second is on the asset margin I did not get the clarity so what we are essentially saying is that the completion of all this deal will probably happen by the end of this fiscal or end of this calendar.

Paresh Mehta: We are targeting end of this calendar.

Rakesh Vyas: Okay if you could just provide some level of confidence that you have on this timeline currently I mean barring third wave or any those issues I am just trying to understand as to where we are in the overall process?

Paresh Mehta: Both the investor and the investee are engaged very highly, confidence is quite high that it will happen.

Rakesh Vyas: Okay good luck for that. Okay, Satish this building construction as you highlighted long time back we used to do this I am just trying to understand what bring us into this sector again initially because we have been looking more at linear projects in general historically and this is going to be more city centric specific location kind of projects so what is the capability that we have now rebuild to pursue these if you can talk about, I know Maldives we have done but in India we have not much.

Satish Parakh: Yes see this is very strategic decision, buildings is throwing up good opportunities and these are easier to execute than highway project and capex requirement is also low and we understand buildings all our top management in some part of their experience have done buildings. So building EPC suddenly throwing up good opportunities so we picked up. So Maldives is a very prototype kind of construction 2000 flats of just

repetitive nature which will be completely mechanized kind of plus what we have picked up in India is also hospital and residential buildings. These are all pure EPC contract, financial tie ups are already there.

Rakesh Vyas: I was just coming to that. In some of these we have historically seen bad debts, etc., payment related issues so I am just trying to understand on two front one is it is easy to execute but raw material inflation could have significant impact on margin profile so are we looking only those projects where we have full pass through of any raw material inflation or deflation per se and secondly how we should look at securing our payments in these projects because otherwise we have historically earlier have seen many players getting into trouble.

Satish Parakh: Yes these are not basically what we have picked up is a private project in India so financials are already tied up and what we have picked up in Maldives is Exim bank funded. So funding definitely has been concerned with state governments which we are typically avoiding. So whenever there is a funding lineup where the execution is faster those projects selectively we are picking up and a full set up has been put up for building vertical highly experienced team is already in place.

Rakesh Vyas: Great sir so if you can just talk about as to what is the kind of overall order book that you would want to continue to pursue on a sustainable basis in building segment because once you enter the segment you have to be looking at sustainability and growth as well. So I am just trying to understand what is the focus that you have?

Satish Parakh: Our focus will remain highways and railways. Building vertical will grow on its own so we will picking up this year we are targeting around 2500 to 3000 Crores. Out of which 1600 is what we have already picked up and another 200 to 300 miscellaneous what we are doing so another

1000-1300 Crores suffice for this year and looking at this progress and putting teams in place they should be our sustainable target going ahead.

Rakesh Vyas: Lastly just out of curiosity we have not been winning new power T&D projects per se, is the pipeline lacking or have we consciously decided to take a step back in that segment.

Satish Parakh: Actually there is no opportunity in distribution for any of the states throwing up now. There are some smaller transmission projects coming up which we are bidding so power basically pipeline is not very strong.

Rakesh Vyas: Okay, got it, great sir. Thank you so much.

Paresh Mehta: One rectification, the total debt is Rs.5700 on this HAM & BOT.

Rakesh Vyas: 5700 Crores is the total external debt on all projects put together i.e. HAM & BOT project.

Rakesh Vyas: Okay got it. Thank you sir

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL. Please go ahead.

Anupam Gupta: Just one clarification on the equity in HAM which you have said, you said 350 Crores had gone in whereas at the start of the call Mr. Parakh said that you have invested Rs.824 Crores totally. So why is that sir?

Paresh Mehta: That difference is due to the PIM, PIM is an amount which is paid by NHAI which is retained at the SPV as an equity.

Anupam Gupta: You had talked about sometime back doing work in the smart city side and I think there are a few tenders, which are coming up in Maharashtra so are we looking to bid for those what sort of opportunity is that if you look at?

Satish Parakh: We are participating in smart city projects also we have completed Kohima successfully.

Anupam Gupta: What sort size can this be, the tenders which are coming up what sort of size you are targeting there?

Satish Parakh: There is a huge variation from every state. There is a variation from 100 to 1000 Crores.

Anupam Gupta: Okay, understood sir. Thank you.

Moderator: Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: Thanks for taking my question. Sir in terms of the revenue what target we are setting for revenue from the older projects I know we have won significant orders this quarter so what could be the revenue from the older projects. Can you just highlight because your new projects are about to start in a couple of quarters?

Satish Parakh: As Paresh said it would be around 25% growth this year which will be combine of old and new projects. Most of the older projects like VME and TS1, Khanapur and Khairatunda will see COD by the end of Q3. Khairatunda will see COD in Q2, VME in Q3, Khanapur again Q3, TS2 will see COD in Q4. So these all will be at advanced stage of completion and the newer projects will start in Q3, all the newer projects will start.

Jiten Rushi: Sir on the building front again I am asking are we qualified to bid for government projects like hospital or other Central Vista projects because so far we have looked for a private project which is a long gestation five-year project and Maldives project, but if you are looking for an inflow of 2500 Crores plus every year so how are we qualified to bid for larger projects.

Satish Parakh: Once we have started execution of these existing projects from Maldives and this hospital projects this definitely will built qualification and for the fewer projects we may have to take JV and then we will quality on our own.

Jiten Rushi: So right now in JV how much can you bid for any project how much bid size you are targeting.

Satish Parakh: Every project will have a different combination depending upon the qualification, condition. We have a complete vertical now set up for bidding

Jiten Rushi: What is the outstanding bid pipeline right now can you highlight segment wise if possible, EPC, HAM, buildings?

Satish Parakh: If you see like HAM and EPC around 33,000 Crores is what we are planning to participate in next quarter

Jiten Rushi: So Q2 you are talking about?

Satish Parakh: Yes Q2 by the end of Q2 we will be participating around 33000 Crores of projects which includes HAM and EPC.

Jiten Rushi: Sir any current outstanding which we are expecting to open any time soon?

Satish Parakh: Nothing which is yet to open like. It is Q1 we have seen very low kind of activity. So Q2 is what we are expect to make up for Q1.

Jiten Rushi: One last question book keeping what is the bank limit, nonfund and fund and utilization.

Paresh Mehta: We have total excess bank limit of around 5200 of which approximately 800 Crores is fund based of which 300 is CC limits others are WCDL or

otherwise these are alternative financing so utilization in the fund based is to the tune of hardly 35% to 40% out of 800 total and on the BG front utilization is in the range of around 60% that is approximately 4400 Crores non-fund based.

Jiten Rushi: That's it from my side and thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Ashish Shah from Centrum Broking Limited. Please go ahead.

Ashish Shah: Just sort of clarifying once again carrying forward from where Rakesh left off so 1900 Crores is the equity including CCD, 1100 Crores is the total debt from ABL which includes this NCD financing that you would have done?

Paresh Mehta: Right.

Ashish Shah: So what will happen after June is that the 150 or 170 that number will come back and we have to add 250 so we have to basically add net about 100 Crores to this number if you have to take it as on date.

Paresh Mehta: No 250 will get added and 250 will get reduced from the ABL's outstanding this money which has been raised in NCD will be repaid to ABL so as of date this would be the position.

Ashish Shah: So the total will remain the same, so total will remain same even post the raising of the NCD.

Paresh Mehta: Right .

Ashish Shah: And the 5300 Crores is the total debt including the debt of HAM asset as well as for the BOT asset?

Paresh Mehta: Right, got it.

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

Parikshit Kandpal: So there is lot of confusion. So to this 3000 Crores is the HAM, equity, all the equity contribution right, BOT, HAM everything right?

Paresh Mehta: Yes.

Parikshit Kandpal: Sir I think earlier in the call this number was like more on the higher side so I was wondering why this is.

Paresh Mehta: Maybe you can take it offline also I do not know where the mismatch is.

Parikshit Kandpal: Okay sir. Sure I will do.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Ashish Shah for closing comments.

Ashish Shah: On behalf of Centrum Broking I would like to thank all the participants for attending this call. Thank you to the management of Ashoka Buildcon for giving us the opportunity to host the call. Sir, any closing remarks from your side.

Paresh Mehta: We thank all the participants for joining this call. We are always available directly or through our Stellar Investor Relations for any queries or updates you would like to have. Thank you.

Satish Parakh: Thank you all.

Moderator: Thank you very much. On behalf of Centrum Broking Limited that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.