

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

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Code: 533271

Scrip Symbol: ASHOKA

December 12, 2017

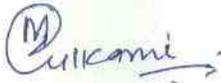
Sub: Transcript for the Conference Call held on November 13, 2017

Please find enclosed herewith the Transcript in respect of Standalone Unaudited Financial Results (Limited Review) of the Company for the quarter and half year ended September 30, 2017 (Q2FY18) for the Conference Call held on November 13, 2017.

Kindly take the matter on your record.

Thanking you,

For Ashoka Buildcon Limited



Manoj A. Kulkarni
(Company Secretary & Compliance Officer)
ICSI Membership. No. : FCS - 7377



Encl.: As above



“Ashoka Buildcon Limited Q2 FY2018
Earnings Conference Call”

November 13, 2017



**ANALYST: Ms. DIVYATA DALAL - AVP- INSTITUTIONAL
EQUITIES - SYSTEMATIX SHARES & STOCKS LIMITED.**

**MANAGEMENT: MR. SATISH PARAKH - MANAGING DIRECTOR -
ASHOKA BUILDCON LIMITED
MR. PARESH MEHTA - CHIEF FINANCIAL OFFICER -
ASHOKA BUILDCON LIMITED**

- Moderator:** Ladies and gentlemen, good day and welcome to the Ashoka Buildcon Q2 FY2018 Results Conference Call, hosted by Systematix Shares & Stocks 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Divyata Dalal from Systematix Shares & Stocks Limited. Thank you and over to you Madam!
- Divyata Dalal:** Thank you. Good morning everyone. I am pleased to welcome you all to the Ashoka Buildcon Results conference call. From the company we have Mr. Satish Parakh, Managing Director and Mr. Paresh Mehta, CFO. I would now want to hand over the call to the management for their initial remarks. Over to you Sir!
- Satish Parakh:** Thank you. Good morning everyone and a very warm welcome to our earnings call of second quarter FY2018. I have with me Mr. Paresh Mehta, our CFO and Stellar Investor Relations, our IR Advisors.
- I will briefly take you through the recent updates in the sector and then we will move to the company related updates. As you already aware that the central government is focused on improving government spending on road infrastructure space for which they have taken multiple new initiatives. One such recently announced program is Bharatmala through which the government proposes to invest around 700000 Crores with a target of constructing around 83677 kilometers of roads to achieve this ambitious objective government is grouping in NHAI, MoRTH and various state bodies to award contracts in its speedier manner and also to monitor and ensure speedier and timely execution of all the projects. These provides significant boost to the sector and presents immense opportunity for established players like us.
- Now, coming to the developments at Ashoka Buildcon. In one of the major developments during the quarter we have received an arbitrational award of Rs.125 Crores for Ahmednagar-Karmala project. This project was awarded to Ashoka in 1999 with a concession period of 16 years and 9 months including the construction period.
- The toll collections was talked early in November 2012 and hence we had gone in for the arbitration. We have also received extension of concession period by one year for our Ahmednagar-Ghodegaon project up to September 2018 the toll revenue of this project of Q2 FY2018 was 6.4 Crores.
- We have also achieved financial closure of our HAM project in AP. The total debt for the project is 415 Crores and the rate of interest is 9.1%. As you are aware that NHAIs recent announcement has published a list to certain incomplete projects, which includes P&G project, which was a JV with L&T and Ashoka Constructions; however, the above list was withdrawn by NHAI and P&G

have terminated the project due to lack of state support and cooperation. Matter is kept in abeyance face for the newspaper reports and various announcement made by ministers.

This quarter our execution has been affected by lower execution in part in the projects and renegotiation due to renegotiation due various vendors on account of GST. Also our work on Eastern Peripheral was stopped by local agitators for 50 days. Both these issues have now been resolved an execution is back on track.

Currently our order book backlog is 6110 Crores this clearly gives us a visibility for next two years in terms of breakup of order book road projects are 4382 Crores of which 72% of the order book and Rs.1728 Crores are power T&D projects. Among road order book EPC projects are to the tune of 2000 Crores and our rest is the BOT which 2336 Crores.

This is all from my side. I would now request Paresh Mehta to present the results for Q2 FY2018.

Paresh Mehta:

Good morning everybody. We have already uploaded results update on our website and also circulated the same. I am sure you must have received that same and as much have had a look at it. I would now present the results for the quarter ended September 30, 2017. Please note that we have declared standalone results in this quarter. The standalone results are as follows.

Total income including other income for Q2 FY2018 is 390 Crores as compared to 450 Crores in Q2 FY2017. During Q1 FY2018, BOT division recorded a toll collection of 237 Crores up from 203 Crores as of Q2 FY2017.

Our EBITDA for Q2 FY2018 is Rs.62 Crores compared to Rs.79 Crores in the corresponding quarter last year. The EBITDA for the quarter is at 16%. Net profit is at 33 Crores in Q2 FY2018 compared to 45 Crores in Q2 FY2017. As mentioned by Mr. Parakh, the performance in the second quarter was affected by mainly two reasons was the work stop on our large project eastern peripheral project for 50 days and also due to local agitation and second power T&D business lower execution due to in the post GST era due to renegotiation of inputs with the vendors. This took almost one and a half month.

With this both issues having been resolved the execution was back on track from September onwards and things are moving in the proper right direction. Consolidated debt stood at 4631 Crores of which project debt is 4291 Crores. The standalone debt is 140 Crores which comprises of 71 Crores of equipment loans and 69 Crores of working capital loans. We ended September 2017 with a order book 6110 Crores which we believe will enable us to grow at a higher rate over the next couple of years.

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

Moderator:

Thank you very much Sir. Ladies and gentlemen, we will now begin with the question-and-answer session. First question is from the line of Abhijith Vara from Sundaram Mutual Fund. Please go ahead.

- Abhijith Varah:** Sir first question is which all BOT projects will be under major maintenance this year and next year?
- Satish Parakh:** This year there is no BOT project under maintenance. 2019-2020 will be the first year couple of projects will come up for major maintenance.
- Abhijith Varah:** And how much will be the spending Sir?
- Satish Parakh:** I do not have that numbers right now there will be two projects will come up for major maintenance Sambalpur and Belgaum.
- Abhijith Varah:** Okay Belgaum-Dharwad?
- Satish Parakh:** Yes.
- Abhijith Varah:** Second question Sir could you also update us on the working capital situation for the standalone?
- Satish Parakh:** As I indicated our standalone debt is 140 Crores of which 50% is loan for equipment purchases and 50% is our CC and supply chain financing.
- Abhijith Varah:** Sorry Sir I was asking about receivables and inventory?
- Satish Parakh:** Receivables and inventory as indicated by us they are inline so there has not been a much growth in the receivable levels. So as we has see in the trade receivables and other financial assets put together, because other financial assets in our standalone balance sheet includes the work-in-progress so if we see from 1400 which was for March 2017 it remains at 1400 in September 2017 also.
- Abhijith Varah:** Sir one more question, which are the projects were tariff increases pending sir for the current year?
- Satish Parakh:** The schedule tariff increase has happened for all our projects. If you want to go on a project-by-project basis for Belgaum-Dharwad, Dhankuni project and Sambal project we had almost 4% to 4.2% tariff growth, but Bandara Durg and Wainganga project we had approximate 3.5% of tariff growth and for Jaora-Nayagaon project we had a 10% growth in tariff.
- Abhijith Varah:** Thank you Sir.
- Moderator:** Thank you. Next question is from the line of Nitin Arora from Aviva Life Insurance. Please go ahead.
- Nitin Arora:** Sir first the question was respect to the revenue, which got lost which you were mentioning in the power T&D and the Eastern Peripheral would it be close to about 100, 110 Crores?

- Satish Parakh:** Yes if you put both together power as well as that it is almost to the tune of 200 Crores. If however executing in Q2 - Q1 and Q4 last two quarters have been what we would have achieved. With specific on the power front apart from GST there was all around floods in Bihar there we have the major component of order book in power so there due to flood there was some delay also in execution.
- Nitin Arora:** Yes Sir I was actually coming to that point only because how does that work, if there was a issue with respect to the input tax credit you any which ways cannot stop the project, you were executing it right. So I just want to know that in the T&D because of the GST what was that number, which you lost, because I thought that this was largely lost because of the floods in Bihar, because that you were doing an accounting you can accrue that and the receivables part we can any which way the cash comes later after so just wanted to understand how that worked?
- Satish Parakh:** See in the post GST regime couple of these are happened. In the initial 25, 30 days of the GST regime many manufacturing agencies had stopped their manufacturing activities where there was delay in supply, so that was one with after adjusted to GST rules and regulations that issue is sorted out. Second is the negotiation of price the pass through off because the change in increase in the rate because clubbing off excise as well as that this we were negotiating them to have a proper price at our final cost is equivalent to what there is the previous GST regime. These two having major impact, if the inputs that these materials purchases are not in place probably we cannot execute anything. So there was delay in that for almost 30, 35 days.
- Nitin Arora:** Sir with respect to now this 200 Crores loses which any which ways we will recoup within the second half so we have done about 1020 Crores of construction and about 66 Crores of RMC where do you look this number ending in FY2018 end?
- Satish Parakh:** We believe that we will achieve our target range of 20% to 25% of growth by the March end and should not be a challenge at all.
- Nitin Arora:** Sir my last question was with respect to the bids, so finally we saw some not from the NHAI and which we saw October delayed to November now. In the Maharashtra now finally they are going the KSHIP way of giving an upfront more in the HAM so any particular timeline you are looking at where they are about to open it the bids in the near-term in the HAM and also if you can talk about some near-term bids where you think you have a comfortable position in terms of winning it? That is my last question.
- Paresh Mehta:** Yes Maharashtra is coming out with a very large program of around 30000 Crores under HAM and we will see these bids being put for bid in Q3 and Q4 so definitely we are participating in this. There are other states also looking at this model and we are already doing four projects on HAM basis in state of Karnataka two have been completed and two under construction.
- Nitin Arora:** Sir there were two bids, which were left to get opened in KSHIP if I am not wrong has that been opened or that is still under evaluation?

- Paresh Mehta:** They have been opened where we have not participated.
- Nitin Arora:** Thank you very much.
- Moderator:** Thank you. Next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Thanks for the opportunity. Sir I just wanted to know has the thing stands now so can we bid for any NHAI projects as of now?
- Satish Parakh:** Yes there is no restrictions on bidding we have been bidding our bids have been opened.
- Parikshit Kandpal:** Any new project comes in we can still bid as of now there is no notice?
- Satish Parakh:** Yes there is absolutely not outage from NHAI to us.
- Parikshit Kandpal:** When we spoke about the agitation so what was it like is that it has been resolved now?
- Satish Parakh:** Land compensation to be received by locals and there was a complete stoppage of work on this completely UP belt of UP part of Eastern Peripheral Expressway.
- Parikshit Kandpal:** So what is the tariff accretive as of now?
- Satish Parakh:** Now that has been resolved and government is already put in this execution is on now.
- Parikshit Kandpal:** But for your project what could be the status of the land acquisition as of now?
- Satish Parakh:** Except in our small portion of around 0.5 kilometer everything has been already acquired and handed over to us, so last portion of 0.5 kilometer, which may get resolve very soon.
- Parikshit Kandpal:** Sir what has been the order inflow in the 1H because to understand it has been very muted so and how do you look at H2 now?
- Satish Parakh:** See H1 not much was put for bidding and so order were not there particularly from NHAI.
- Parikshit Kandpal:** From the T&D side?
- Satish Parakh:** T&D also we have not seen any large program announced by state governments. We have not got anything in this thing but just now it is there in Q1. Q2 we did not get anything.
- Parikshit Kandpal:** Okay 2Q no orders will come. And so how was the outlook for the order intake now, in terms of guidance for the Q2?

- Satish Parakh:** No we feel Q3, Q4 will be quite robust because state governments and NHAI as well as power or so are coming up with lot of opportunities.
- Parikshit Kandpal:** We are bidding for the Mumbai, Nagpur itself that we have already submitted.
- Satish Parakh:** Yes we are participating in Mumbai, Nagpur and participating in HAM projects?
- Parikshit Kandpal:** What is the update on the SBIM deal now so any progress on that how is it moving?
- Paresh Mehta:** We are pursuing we and Macquarie are pursuing the process of getting an exit. There are various outrages also being explored simultaneously and we believe something significant should happen by March.
- Parikshit Kandpal:** Within the March we are expecting something should get?
- Paresh Mehta:** Yes I think so I mean there is no compulsion but that could be our internal target.
- Parikshit Kandpal:** Just lastly Sir on the equity side pending equity requirement if you can quantify in terms of roads real estate and the P&G project?
- Satish Parakh:** On the roads for 2018 we have almost 70 odd Crores to be invested by March 2018 and 110 Crores by March 2019. This is on the roads sector. In the CGD sector as you said we will be spending approximately another 15 Crores by March end and another 15 Crores in March 2019.
- Parikshit Kandpal:** 15.
- Satish Parakh:** Yes both 15 Crores and then these are the contracts, which have already entered into. The third sector which is of the real estate sector we have project we are yet to sign the agreement so once that is in picture then we will be spending equity on that for 2018 approximately 120 Crores, 2019 70 Crores and 2020 50 Crores.
- Parikshit Kandpal:** This will until entire equity requirement?
- Satish Parakh:** Yes this is entire requirement based on today's petitions of the project.
- Parikshit Kandpal:** Okay sir that is all from my side thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Anish Hariprasad from Antique Stock Broking. Please go ahead.
- Anish Hariprasad:** Sir apart from Eastern Peripheral and power we also the execution on Ludhiana HAM and Govindpur project was also slightly lower so any particular reason for those execution?

- Satish Parakh:** See Ludhiana has been ahead of milestones so we have achieved our first milestone before scheduled date and the projects are also going on well so. Only our NH-32 has not started still so this is likely to start in this quarter.
- Anish Hariprasad:** And Govindpur, because Govindpur last quarter we did almost 50?
- Satish Parakh:** The monsoon impact was there otherwise there are no hurdles on Govindpur.
- Anish Hariprasad:** So that project is well on track as well.
- Satish Parakh:** Yes.
- Anish Hariprasad:** And any update on the Chas and Islampur project.
- Satish Parakh:** Chas as I told you is NH-32 and this will likely to start in this month.
- Anish Hariprasad:** This month will start okay and any update on Islampur?
- Satish Parakh:** Islampur also is financial closure complete and likely to start any time.
- Anish Hariprasad:** You mentioned toll hike in Durg and Bandara around 3.5% right?
- Satish Parakh:** Yes.
- Anish Hariprasad:** So we are not seeing any traffic growth about what is the current are we seeing any kind of improvement in the traffic in last couple of months there or is it again a status quo?
- Satish Parakh:** Yes so if you seen about Bandara and the toll hike as we have early from September 1, onwards before that it was a negative toll rise in the previous year but accordingly if we see the revenue growth in Bandara and Durg is almost 3.3% if you exclude the tariff increase it is almost another 3% is the traffic growth so there is an improvement a bit I think over the period it will improve.
- Anish Hariprasad:** Sir just one in the presentation that you have provided this BOT others so BOT others have gone from 48 million to 527 million can you explain me that?
- Satish Parakh:** These are basically projects where like Khatti project and Nisharabad project where we are collecting toll and some of our toll collection contracts so the jump is one of the reasons one additional toll collection contract has been added vis-à-vis Q2 this is a Hebbal tolls like that.
- Anish Hariprasad:** So because of that jump is there right fair enough. All right Sir thanks, that is it.
- Moderator:** Thank you. Next question is from the line of Anup Agarwal from Cogencis Information Services. Please go ahead.

- Anup Agarwal:** Just wanted to check, how much of road projects are you going to bid for in the next two quarters and particularly what is your view on the Bharatmala entire project in the first phase how much do you think you will be bidding for or you can probably look at bidding for?
- Satish Parakh:** See as of now in next two months we have around 60000 Crores of project which has bidding out by the authorities and although the 30000 Crores is what we are participating.
- Anup Agarwal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adhidev C:** Sir firstly just want to clarify on your in the standalone what is the core EPC EBITDA margin you have done for the quarter excluding other income?
- Paresh Mehta:** This is approximately 13.5%.
- Adhidev C:** So it is inline in the more or less the reported numbers only or like how is it because there is some BOT also component right in that or no?
- Paresh Mehta:** That is very small and other income is around 10 Crores so if you reduce that from the numbers it the EBITDA margins are in line which what we have said around 13%.
- Adhidev C:** 13% is core EBITDA margin excluding the other income?
- Paresh Mehta:** Other income then other revenues.
- Adhidev C:** Second question is on our Bombay Airport real estate project what is the update on that?
- Satish Parakh:** In the Bombay Airport project we are still to sign the lease agreement with the authority and we are in talks with them for certain clarifications and clearances which we required before we enter into the agreement.
- Adhidev C:** So what is the timeline or when do we start looking to raise funds or whatever on the fund infusion over there?
- Satish Parakh:** I believe it will take at least another two to three months so by end of the year we should be in the project.
- Adhidev C:** And Sir just one last clarification aside from the current order are there any L1 projects which are there in the stream?
- Satish Parakh:** We do not have a L1 project as of date but we have one project that we have bid and the results are yet to be out one project of HAM in Andhra Pradesh.

- Adhidev C:** Sir what is the balance order intake guidance for the year we are looking at?
- Paresh Mehta:** We are looking at, at least 3000 to 4000 Crores of guidance to be bagged by the end of the year.
- Adhidev C:** From here right from the second half.
- Satish Parakh:** Yes right.
- Adhidev C:** Thanks and that is it from my side and all the best.
- Moderator:** Thank you. Next question is from the line of Bhavin Vithlani from Axis Capital. Please go ahead.
- Bhavin Vithlani:** What I am observing is there have been sequential drop in the toll so any implications because of GST and how do you see the run rate going now from the third quarter onwards?
- Satish Parakh:** If you see my Q1, Q1 has definitely been fast for more than what we have targeted and Q2 we are subdued because of specific reasons which we have already disclosed so I believe the H1 is 20% above are H1 last year and I think we will achieve that so the impact of GST is more transitory and this already adjust it to down so I do not think so the day will now come as an impediment in any kind of performance and we continue to performance as guided.
- Bhavin Vithlani:** Actually if I could expand my question if you look at the monthly run rate what you have seen in October what could be the sequential growth that you could see on a very broad basis because sequentially we see a bit of a flat and most companies have been indicating that the month of July was a washout because of GST?
- Satish Parakh:** On the EPC front I think...
- Bhavin Vithlani:** No it only on the toll part, not the EPC front?
- Satish Parakh:** Alright on the toll part, I think revenues start picking up in December the GST impact has not been was transitory in the initial June end and July month but now as I have indicated our overall revenue growth has been in the range of 17% Y-on-Y and we believe that this should continue definitely.
- Bhavin Vithlani:** Secondly going by the balance sheet and the leverage targets you have in your opinion what is the level of additional HAM project that you could take over the next two to four quarters?
- Satish Parakh:** We believe that we can take approximately 8000 Crores of HAM project in the next four quarters equity being almost in the range of 20% overall equity, which is partially funded through the project profits also so that would not be a concern. On a leverage perspective definitely project base the leverage could go up vis-à-vis the network but it will be project base funding so we do not see challenge, equity sufficiently plays with a company to fund for these projects. Today we

are at a leverage of 2.08 I think going ahead we should be with a range of 2.5% or 2.7% even we take all these 8000 Crores project.

Bhavin Vithlani: Last bit would you now be going slow on the T&D given that road side wherein specifically the HAM which is more lucrative so from a capital allocation standpoint it makes better sense to have a higher share of HAM than T&D so can we expect that incrementally the orders would be largely on the road and specifically HAM side has they are higher remunerative than the T&D?

Satish Parakh: So the T&D division is a vertical which is stated on so then we will continue to grow at a pace of 10% odd so though the ratio may change it will go more in favor of road but T&D will not reduce we will continue with a regular 10% road.

Bhavin Vithlani: Thank you so much for taking my questions.

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

Vibhor Singhal: Sir just a few questions, clarifications rather on both the Chas and the Islampur project as you mentioned that Chas we might like use to start this month and Islampur we have done the financial closure so we have the land acquisition is completed in these projects and have we received the appointed dates?

Satish Parakh: See I mentioned Chas plant in this quarter and I mentioned Ranasthalam, which is AP project that had partially financial closure and that would start in this quarter and Islampur bypass, which is still not getting started because of the land acquisition issues.

Vibhor Singhal: So in Islampur we have not yet got the appointed date right?

Satish Parakh: See appointed date technically has been given but position of land was not in that Islampur this is a small EPC project so once this get the land acquisition will start.

Vibhor Singhal: Sir what is the status on the Chennai ORR and KSHIP project when do we expect to receive start receiving the annuities on those projects?

Satish Parakh: Chennai ORR by the next quarter we should start receiving the annuities already pre-COD is in the process and likely to get within this month.

Vibhor Singhal: So last quarter we might have the annuity coming to us?

Satish Parakh: Yes.

Vibhor Singhal: And the KSHIP project second half next year?

Satish Parakh: This quarter itself is get for KSHIP more or less.

- Vibhor Singhal:** Sorry come again sorry Sir.
- Satish Parakh:** Overall KSHIP the annuity is already process and we are likely to get within this quarter.
- Vibhor Singhal:** This quarter itself.
- Satish Parakh:** Yes.
- Vibhor Singhal:** Sir just on the toll collection numbers so I think we have seen very strong even if we take into account the kind of 4% to 5% kind of a tariff hike in Belgaum and Dhankuni I think we have seen very strong traffic growth so any specific reason in terms of more activity in the mining belt region and all and do you think this kind of a toll growth or the traffic growth number is sustainable or do you see probably in some couple of quarters maybe just coming back to the normalized develop maybe 6% to 8%?
- Paresh Mehta:** Yes I believe with this corridor we are both the Belgaum-Dharwad as well as the NHAI's corridor on the eastern side of the country is definitely robust we continue to be there for at least five to eight quarters. The impact is partially on the lower growth in the previous year, which is now picking up and will be sustain for at least two years.
- Vibhor Singhal:** These projects would have got the tariff hike in April if I am not wrong?
- Paresh Mehta:** Yes, correct.
- Vibhor Singhal:** All the three Belgaum, Dhankuni and as well as Sambalpur?
- Paresh Mehta:** Right.
- Vibhor Singhal:** Lastly Sir just kind of a I think this has been asked in different forms before as you mentioned that you probably expect that T&D business to growing at 10% so apart from road of course we have a strong pipeline ahead of us apart from that any other plans to foray into any other division or segment that we are looking at or no?
- Satish Parakh:** Yes project I think so we are fine with on the EPC front with roads and power T&D.
- Vibhor Singhal:** Power T&D.
- Satish Parakh:** Yes.
- Vibhor Singhal:** So no plans to foray into segments like this metro or irrigation or anything like that if the opportunity seems to be great?
- Satish Parakh:** Not at present.

- Vibhor Singhal:** Thank you so much for answering my question Sir. Wish you all the best.
- Moderator:** Thank you. We take the next question from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Apologies I joined in late so my question may have been answered earlier but just wanted to get a sense from you specifically second quarter it appear as of the T&D revenues have declined quite significantly any specific reason for that?
- Satish Parakh:** It is more of a transition impact of GST, which has impacted the power T&D revenue couple of reasons of GST is during the initial phase certain production activities at our vendors point were stopped so there was a delay in supply of material. Second also we were also into negotiation with the vendors for effective prices of our imports and thirdly also Bihar had excessive flooding in the monsoon, which had impact on the delay in our execution. These three basic reasons being have impacted the power T&D execution.
- Aditya Mongia:** The second question would then again related to then your guidance if you can kind of split it up for both these segments for this year from a revenue perspective and the overall number?
- Satish Parakh:** I think we will clock a 20% to 25% growth in both the numbers and should not be a challenge.
- Aditya Mongia:** Because why I ask this question again and just follow up on this, why I ask this question of that if I see it separately then the road segment by itself would have clocked in revenues of about Rs.7 to Rs.8 billion in the first half and by that logic the growth in road should be fairly strong if I just analyze this number so again just want to clarify would it be a 25% growth across these segments the way you are suggesting just thought I will clarify my doubt?
- Satish Parakh:** From a particular angle yes you are right the roads will have a better performance so that you see the component of the road may probably contribute more growth vis-à-vis power, power maybe in the range of 15% to 20%, road maybe in the range of 20% to 30%.
- Aditya Mongia:** I will get back into the queue. Thank you.
- Moderator:** Thank you. Next question is from the line of Bharanidhar Vijayakumar from Spark Capital. Please go ahead.
- B Vijayakumar:** Sir just one small question on the arbitration award so will this be accounted?
- Satish Parakh:** From an accounting angle we do not do anything till certainty of the award is in our favor so the award is already in our favor but certainty of receipt of money. So until the government also has gone again the award. So it will take its own time to resolve in the judiciary.
- B Vijayakumar:** Understood, so you have not received it and once it gets cleared that we are going to receive it, it will be account in the standalone right standalone P&L?

- Satish Parakh:** Right it is a standalone item.
- B Vijayakumar:** That is it from my side and all the best.
- Moderator:** Thank you. Next question is from the line of Ankit Fitkariwala from Jefferies. Please go ahead.
- Ankit Fitkariwala:** My first question is on the toll collection numbers. On the toll collection if I am right Sambalpur this time has recorded a traffic increase of close to 10% on a Y-o-Y basis versus the last few quarters being again pretty weak there so has something change the Sambalpur significantly?
- Satish Parakh:** No. I think see it is more of an impact of overall traffic growth on the NHAI's on the eastern side nothing specific no one-half event.
- Ankit Fitkariwala:** Similarly on Jaora-Nayagaon has the repair works on the parallel road being done and toasting so Jaora will continue to see this growth or how do you seeing the project?
- Satish Parakh:** Jaora we are in the range of around 12% growth of traffic growth. I think so we should see in the range of 10% to 12% going forward for another four to six quarters.
- Ankit Fitkariwala:** The repair work on the other road is done is it?
- Satish Parakh:** Most of it is done. Couple of projects are pending so I think so we will have to full - I think the road is not fully repaired but only one I think that Guna somewhere there is work has to be done.
- Ankit Fitkariwala:** Secondly in the toll income breakup that you have given in the presentation the other segment is much higher on a Y-o-Y basis so what would explain that?
- Satish Parakh:** One additional toll collection contract.
- Ankit Fitkariwala:** Which will be...?
- Satish Parakh:** In Karnataka.
- Ankit Fitkariwala:** Okay which will be in ADN sorry.
- Satish Parakh:** One project at Ghattargi where we have a toll collection contract.
- Ankit Fitkariwala:** This has started from which time?
- Satish Parakh:** May 2017.
- Ankit Fitkariwala:** Where do we get the details for this is it like a long contract or how is it?
- Satish Parakh:** It is a one-year contract it is a toll collection contract.

- Ankit Fitkariwala:** Okay for one year so it started in May 2017 will end in May 2018 right.
- Satish Parakh:** Correct.
- Ankit Fitkariwala:** Thank you.
- Moderator:** Thank you. Next question is from the line of Ashish Shah from IDFC Securities. Please go ahead. As there is no response we move to the next question that from the line of Amit Sinha from Macquarie. Please go ahead.
- Amit Sinha:** Sir my question is again a follow up on the strong toll collection, which you are seeing in some of the ACL projects so just wanted to understand you have highlighted in the earlier concalls also but wanted to understand what is driving a double-digit growth in Dhankuni and Belgaum-Dharwad project is there any particular industrial activity which has picked up in these two regions?
- Satish Parakh:** Dhankuni is majorly driven by lot of activity at the port so that impact is happening and which I believe is more of a continuous long lasting event. As far as Belgaum-Dharwad is concerned it is more of a NH-4 traffic picking up because economies also picking up so I do not it is more of economic related work.
- Amit Sinha:** So Belgaum and as I understand it also caters to a significant amount of mining traffic and so the traffic numbers picking up also indicates that the mining activity in that area has picked up right?
- Satish Parakh:** Yes so there would be some impact of rates so I think that will have constituted bid to the growth in the last two to three quarters.
- Amit Sinha:** That is it from my side. Thanks a lot.
- Moderator:** Thank you. Next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Sir just one question specifically on the projects under the ACL portfolio. Looking at the current traffic scenario what kind of extension and concession period do we foresee in any in case there is any?
- Satish Parakh:** For Belgaum-Dharwad and Dhankuni and of course Sambalpur we still from the projected and benchmark PCU level they still away and we believe that extension will happen.
- Parvez Akhtar:** What could be the quantum of that extension Sir?
- Satish Parakh:** We believe 20% of the concession period.
- Parvez Akhtar:** The full 20% will happen.

- Satish Parakh:** Yes.
- Parvez Akhtar:** Thanks and that is it from my side.
- Moderator:** Thank you. Next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Couple of questions. First one was we are working on this refinancing of Dhankuni, Kharagpur and Sambalpur so what is the status there?
- Satish Parakh:** We will the receipt dates are in May and we have working towards that. Interest rates have already been brought down to the level of 10%, 10.1% but we are targeting for a lower rate by May.
- Prem Khurana:** It is still sometime on at least six months for it because and what kind of number do we expect after refinancing is done?
- Satish Parakh:** That should happen around in the range of as I said in the range of 9% to 9.25%.
- Prem Khurana:** Sir in this Mumbai real estate project and as far as I understand it is a finite like project which is construction equipment for the airport is finite is 30 plus 30, 60 odd years so any delay that we get to see in terms of approvals or clearances would get adjusted in the price the money that you committed to paid because initially we are working with an assumption that we will be able to start work construction by October 2017 and are already in November now and the agreement is yet to be signed which essentially maybe already lost one month and there is a still some time before we would be able to start working at the site.
- Paresh Mehta:** That money is also not investment so it would not make significant difference.
- Prem Khurana:** But would the number come down as and the money that we committed to pay?
- Paresh Mehta:** No the number would not come down we have to crash our construction to overall depending upon sales.
- Prem Khurana:** Just one last on Chennai ORR so we have already filed for COD right in the month of March if I remember correctly and we were expecting it to be effective mid April COD so it has taken us time to what is holding back government to give a COD because we applied in March we are in November now and whenever I was to come whether it will be mid April effective or now it will be effective from the day that we receive it?
- Satish Parakh:** No it will be effective April end. This will remain same but the state government is taking little longer time than expected and maybe we are expecting it should happen anytime.

- Prem Khurana:** Any internal arbitration money as and are do we plan to go under that CCL route wherein if we were to pay to that bank guarantee and we would be able to get 75% or we would be for the final outcome and then only get that money?
- Satish Parakh:** One of the awards is under settlement committee and we will get 100% of the money once we settle the amount, once we achieve those on papers and rest we have applied to this committee so it is for our NH-4 and one another award which is Bengaluru.
- Prem Khurana:** Sir I was specifically talking about this Rs.124 odd Crores of award that has been achieved?
- Satish Parakh:** 124 Crores is government is yet to feet on their stand so once they go into appeal then we will have to fight it out to courts. State governments there is no scheme of 75% against bank guarantee we are trying to get this to court we can deposit a guarantee and get money withdrawal to courts. We have earlier done in our NH-4.
- Prem Khurana:** Thank you.
- Moderator:** Thank you. Next question is from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Sir just a question on the margins we have seen last two quarters the margins been pretty robust is the 13%, 13.5% range the new normal or we would rather be a 12.5% or so that we have been in the past?
- Satish Parakh:** That it would be above 13.5% it would be in the range of 13.5% to 15%, 15.5% so should not slip there at all.
- Ashish Shah:** So we are saying that we could be looking at a 13 plus margin for the next at least to visible future of couple of years.
- Satish Parakh:** Yes.
- Ashish Shah:** Sir secondly I just wanted to again touch base on the guidance we have been spoken about a 20% to 25% range if I recall right the time of the previous quarter call we were more at 25% now I maybe reading too much here but is there any delay in the progress which has happened in any of the projects or you generally indicating a range of 20% to 25%?
- Satish Parakh:** See as earlier told by Paresh Eastern Peripheral was talk for 50 days that has affected our overall turnover but still we will be completing that before the Eastern Peripheral may completed before the end of the year then Chas project could not actually start which was supposed to be start in Q2 which will now start in Q3. So now we are expecting 20% to 25% growth.
- Ashish Shah:** Right sir that will be all, thank you very much.

- Moderator:** Thank you. Next question is from the line of Sandeep Jotwani from Narnolia Securities. Please go ahead.
- Sandeep Jotwani:** My question is related to the Ludhiana HAM project. So in last quarter there is execution of around 120 Crores and in this quarter it is around 50 Crores so because it is due to the nature of work or how should we read it?
- Satish Parakh:** See monsoon got a normal is low now it will pick up. There is no major orders on Ludhiana project.
- Sandeep Jotwani:** Mainly it is because of the monsoon.
- Satish Parakh:** Yes also normal issuance because now monsoon lot of activities like assaulting and all cannot go on.
- Sandeep Jotwani:** Recently we have achieved our financial closure for the Anandapuram and by when we expecting to start work?
- Satish Parakh:** Now we are expecting November maybe another 15 days we should be able to start.
- Sandeep Jotwani:** 50.
- Satish Parakh:** 15.
- Sandeep Jotwani:** Thank you.
- Moderator:** Thank you. Next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Just few questions from my side. The first one being on the tax paid, now I understand the ATIA benefits would be taken is it fair to assume that the same should lead to our tax rate being in the range of about 12% to 18% over the next three years before it normalizes there?
- Satish Parakh:** No for 2018 the tax rate would be in the range of 20.5% to 21%. For 2019 also it will range to around 22% and then all these ATIA projects will get over and because the Section ATIA has already been start from April 1, 2017 post that there will be regular tax.
- Aditya Mongia:** Because in this quarter you have reported an 11% number if I am not wrong?
- Satish Parakh:** No there is a deferred tax provision, which was created in this process for last year we had not go and take that.

- Aditya Mongia:** So basically the 1H run rate continues for the full year and I understand what you are saying so this is the first thing, second thing is on the SBI-Macquarie investment any updates that you would want to share with us?
- Satish Parakh:** That is specific we are still in the process.
- Aditya Mongia:** Any timeline that you would want to give over here?
- Satish Parakh:** We believe that by March end this should be in a position to get an exit.
- Aditya Mongia:** Thanks a lot. Those are my questions. Thank you.
- Moderator:** Thank you. Next question is from the line of Rita Tahilramani from SBICAP Securities. Please go ahead.
- Rita Tahilramani:** Sir I basically had this question on the financial closure of the recently AP HAM project so I believe the total project was around 1187 Crores right and the financial closure, which we have done is for 415 Crores which is approximately almost 60% of the total project cost so what is the financial cost of the particular project?
- Satish Parakh:** You are right, it is around 1200 Crores and there is a grant also in that of 420 Crores and 40% so 470 Crores and then the equity is there.
- Rita Tahilramani:** But then we still have been able to do with at a lower rate so if I am removing that 40% so I am getting around a 700 Crores right so of the 700 Crores we have got about 415 Crores which is 60% of almost a 700 Crores the remaining amount.
- Satish Parakh:** Yes, and then there is equity of this project 1187 is the bid cost but the financial closure cost is 1000 odd Crores 1040 Crores.
- Rita Tahilramani:** Yes exactly that is what I was asking now because otherwise the number looks a little?
- Satish Parakh:** Yes right.
- Rita Tahilramani:** One more thing on the current maturity of the long-term can you give me that number?
- Satish Parakh:** On the standalone current maturity is only on equipment loan we should see here.
- Rita Tahilramani:** Okay so that will be a very small amount.
- Satish Parakh:** Yes.
- Rita Tahilramani:** Sir if I am seeing your numbers for Q2 2018 we have segregated the work-in-progress which is the part of the inventory as a part of the current assets right now right if that my number are right

there. The earlier if the work-in-process was the part of the inventory, which has now move to current assets right?

Satish Parakh: Correct.

Rita Tahilramani: Sir what is this number for Q2 2018?

Satish Parakh: Q2 2018 is approximately 600 odd Crores.

Rita Tahilramani: That is it from my side and good luck for future.

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

Parikshit Kandpal: Yes Paresh Sir you had mentioned that in FY2018 you will be spending 70 Crores on road this is for the balance of the year right?

Paresh Mehta: On the road yes balance.

Parikshit Kandpal: And what is already invested in FY2018?

Paresh Mehta: Already invested approximately in around say 100 Crores on the Ranasthalam initial capital.

Parikshit Kandpal: Ranasthalam we have already invested?

Paresh Mehta: Right.

Parikshit Kandpal: Which project sir Ranasthalam and part amount for Bagewadi and Hungund?

Paresh Mehta: Approximately 30 Crores

Parikshit Kandpal: Sir there was some issue with the Sambalpur project and then we have sorted out there was some issue regards to damage on the highway or something?

Paresh Mehta: Yes there is a small issue it has been sorted out.

Parikshit Kandpal: There are no major cost repercussions because of that right?

Paresh Mehta: No.

Parikshit Kandpal: Thank you. That is all from me.

Moderator: Thank you. Next question is from the line of Ankit Asher from Elara Capital. Please go ahead.

- Ankit Asher:** Just wanted to get clarity on increase in your trade receivables this number has increased reason for the same?
- Paresh Mehta:** Trade receivables more because of internal billing from our SPV BOT Company to our BOT companies where we are expecting grant to be on the milestone achievement grant will be release from NHAI, which will then be paid out so it is more of an internal receivables.
- Ankit Asher:** So normalize from next quarter onwards?
- Paresh Mehta:** Yes.
- Ankit Asher:** Sir for inflows you have guided 3000, 4000 Crores. This would largely come from roads or are you looking at some opportunities in power T&D segment as well?
- Paresh Mehta:** 80% to 85% to the roads.
- Ankit Asher:** Which are the projects is gets API benefit in your current portfolio.
- Paresh Mehta:** All those EPC cash contracts and the Khara-Ludhiana project.
- Satish Parakh:** No not Khara-Ludhiana all EPC contracts like Eastern Peripheral, JNPT, the Jharkhand projects.
- Ankit Asher:** Just one last thing I missed the number for equity requirement for HAM projects can you just repeat that?
- Satish Parakh:** For the BR project approximately if we start of it we have signed out with 120 Crores for this year 2018.
- Ankit Asher:** 120 for 2018-2019.
- Satish Parakh:** 70.
- Ankit Asher:** And 50.
- Satish Parakh:** 50, 120 will majorly go for funding of the initial premium and then rest of the money will be recouped for during concession period.
- Ankit Asher:** Status on CGD project.
- Satish Parakh:** Pardon.
- Ankit Asher:** Current status on?
- Satish Parakh:** CGD approximately we have already spent around...

- Ankit Asher:** No, not on the equity requirement the current status of the project?
- Satish Parakh:** We are in the process of making our first revenue in the last quarter by around say February we should start selling gas so EPC contract is going on commercial sale will start in February.
- Ankit Asher:** Thank you and all the best Sir.
- Moderator:** Thank you. Next question is from the line of Devam Modi from Equirus Securities. Please go ahead.
- Devam Modi:** Sir so what could be the interest component in the finance cost of Rs.12 odd Crores that we are reporting this quarter. I am basically is mainly because your standalone debt only seems to be around 140 Crores?
- Satish Parakh:** This interest cost also includes interest paid on mobilization advance received on this HAM project as well as on the EPC contracts.
- Devam Modi:** So what would that amount be?
- Satish Parakh:** Pardon.
- Devam Modi:** So you are saying this finance cost also includes interest from mobilization advance rest is on HAM and equity contracts what will be the mobilization advance you have received on HAM and EPC contracts?
- Satish Parakh:** Almost to the tune of both put together around say 250 Crores at least.
- Devam Modi:** So basically the total amount on which the interest cost would be worked out would come to around 400 Crores in that case?
- Satish Parakh:** Yes.
- Devam Modi:** 250 plus 140 would be the standalone debt and what would be the standalone interest rate?
- Satish Parakh:** Would be it is a mix it would be effective rate because the standalone debt is a mix of that so around sub 10 in the range of 9 to 10.
- Devam Modi:** Sir what would be the standalone business EPC or equipment capex that will be doing in FY2018 and FY2019 and how much would be done this year?
- Satish Parakh:** We have already spent around 25 Crores on equipment this year. We would end up spending approximately another 20 Crores and the next year another 50 Crores.

- Devam Modi:** So currently now for our total debt of almost 4500 Crores in the BOT business what would be the average interest rate level we are paying and where do we see that going?
- Satish Parakh:** Average interest would be in the range of 10.25%, 10% approximately only two projects are there sorry two projects are at 10% the average would be in the range of 9.5%.
- Devam Modi:** Do we see that trending lower towards 9% in the next six to nine months or so?
- Satish Parakh:** Yes by May we should be around 9.1%, 9.2%.
- Devam Modi:** Sir generally question on the market from a margin perspective like compared to order books of earlier periods would we say that the current order book backlog is it something which is much more healthier in terms of margin that it has come with the environment of lower competitive intensity or something?
- Satish Parakh:** I do not think so.
- Paresh Mehta:** We are maintaining our bidding margins.
- Satish Parakh:** Yes we are maintaining our bidding margin certain benefits coming out of execution are what is factored otherwise 12.5% to 13% our bidding margins continue to be there.
- Devam Modi:** Sir so putting it in another way like compared to one and a half to two years ago would you say that the competitive intensity right now is a little lower?
- Satish Parakh:** I think it is a scale up operation also has helped and competition level has gone down no doubt about it and we have bid in our margin so probably we have got project at those margins that shows that a bid clarity is there in bidding.
- Devam Modi:** Sir finally on the traffic in toll growth side as an aggregate portfolio level would we be comfortable with something like 10% to 12% total toll growth collection over the next three to four years.
- Satish Parakh:** It should not be 10% revenue growth I think is a lower number it should be more.
- Devam Modi:** Because of you are saying the traffic is coming up a lower basis then there will be lot of industrial activities that should be probably being higher?
- Satish Parakh:** Even GST will play a bigger role in logistics, which will help in growth.
- Devam Modi:** That is it from my side. Thanks.
- Moderator:** Thank you. Next question is from the line of Ritwik Seth from Deep Finance. Please go ahead.

- Ritwik Seth:** Most of the questions have been answered, just a couple of questions sir you mentioned that you will be bidding for HAM projects in the next two to three quarters what was the quantum I missed the quantum?
- Satish Parakh:** We are participating around 30000 Crores of projects which are EPC and hybrid annuity both 10000 Crores is around EPC and 20000 is around hybrid annuity. This is only for NHAI. Other tenders we are also participating in state projects as well as EPC.
- Ritwik Seth:** Sir just putting it in another way currently we have order book size of 6000 Crores what is our internal capability with current capacity that we can ramp up this order book till say in the next 12 months with all these projects coming in?
- Satish Parakh:** See we can very well work with 10000 to 12000 of order book internal capability is huge we are not dependent on third party for any kind of execution.
- Ritwik Seth:** Sir just a clarification standalone reported results say that standalone BOT revenue is around 7 Crores and in the presentation ABL loan projects says around 42 Crores for the quarter so what is the discrepancy like what am I missing in that?
- Paresh Mehta:** There is one project where we are collecting toll but we are not recognizing the revenue that is the Khatti project and also two toll collection contracts are typically in Ashoka Construction.
- Ritwik Seth:** Sorry.
- Satish Parakh:** They club into others but there has been a project somewhere Ashoka Constructions the two toll collection contract.
- Ritwik Seth:** So where is it reported in the standalone?
- Satish Parakh:** It will not be reported in the standalone. It will come into only others so if we see the presentation in slide#10 others you will find those toll collections.
- Ritwik Seth:** Yes 244 million.
- Satish Parakh:** Yes.
- Ritwik Seth:** So that will be in the consolidated only?
- Satish Parakh:** Yes.
- Ritwik Seth:** So what is the total investment for the real estate venture that you are looking over the next three years?
- Satish Parakh:** Around 1250 Crores.

- Ritwik Seth:** 1250 Crores.
- Satish Parakh:** 250 Crores is equity and the project size would be in the range of 1250.
- Ritwik Seth:** 250 Crores equity and 1250 Crores of total investment.
- Satish Parakh:** Right.
- Ritwik Seth:** Sir just one question regarding this new venture that you are getting into any other ventures that you are planning or any because most of the people do not seem to like diversification in terms of non-related business so your cost on that is funded?
- Satish Parakh:** This definitely this venture is a one half venture which we have ventured into presently based on the opportunities available we do not intent to go anywhere in a different venture.
- Ritwik Seth:** Apart from these two we are not looking to venture into anything over the next three to four years?
- Satish Parakh:** Yes.
- Ritwik Seth:** All the best. Thank you.
- Moderator:** Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand over the call to Divyata Dalal for her closing comments. Over to you Madam!
- Divyata Dalal:** Thank you everyone for logging in. Thank you management on behalf of Systematix Shares for giving us an opportunity to host the call. Thank you and good luck to you Sir.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Systematix Shares & Stocks Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.