

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**

**August 16, 2017**

**Sub: Transcript for the Conference Call held on August 11, 2017**

Please find enclosed herewith the Transcript in respect of unaudited Financial Results along with Limited Review Report of the Company for the Quarter ended June 30, 2017 (Q1FY18) for the Conference Call held on August 11, 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 Q1 FY2018  
Earnings Conference Call”

August 11, 2017



**ANALYST: MR. ASHISH SHAH - IDFC SECURITIES 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 Limited Q1 FY2018 Earnings Conference Call, hosted by IDFC Securities 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 would now like to hand the conference over to Ashish Shah from IDFC Securities Limited. Thank you and over to you Sir!

**Ashish Shah:** Good afternoon to everybody on behalf of IDFC Securities, I welcome you all to the Q1 FY2018 Earnings call of Ashoka Buildcon Limited. We have from the management Mr. Satish Parakh, Managing Director and Mr. Paresh Mehta, CFO of the Company and we also have their investor relations partners Stellar IR on the call. Over to you Sir! Thank you.

**Satish Parakh:** For the first quarter of FY2018, I have with me Mr. Paresh Mehta our CFO and Stellar Investor Relations, our IR advisors.

We are seeing a lot of positive sentiment in the infrastructure case with the increasing focus of the government to drive the sector. The government has assigned NHAI with the task of awarding 10000 kilometers and constructing 6000 kilometers of highway lane for the current fiscal. Though the awarding and constructing activity during the first quarter of FY2018 has not been as expected, we expect the activities to gain momentum going forward. During the April-June period, NHAI could construct only 670 kilometers and award around 165 kilometers. The slow level of activity has been largely due to challenges in land acquisition as NHAI does not award any projects now unless it acquires 90% of the land.

Coming to the development at Ashoka Buildcon. There has been significant pickup in the execution of our projects, which is reflecting our top line for this quarter. The two projects Kharar-Ludhiana and Eastern peripheral have contributed to the increase in pace of execution. We expect this level of activity during the rest of the year as well as we have a robust order book in place. Currently our order backlog is Rs.6433 Crores. This clearly gives us the revenue visibility for the next couple of years. In terms of breakup of order book, road projects are Rs.4650 Crores, which is 72% of our order book and the rest 20% are power T&D. Among the road order book EPC projects are Rs.2232 Crores and the rest is BOT, which is Rs.2419 Crores. We have received the provisional completion certificate for Mudhol Nipani, BOT annuity project. The commercial operation date is December 11, 2016. The semi-annual annuity payment of Rs.39.5 Crores would start within the six months from the COD, but our other BOT annuity project that is Chennai ORR, we have already completed the project and have applied for the COD and are hopeful to receive the same very soon.

As you are all aware the project execution has suffered due to incessant rains and flooding in Chennai last year, which led to the delay in the project. The project, which is not moving smoothly in order book, is Islampur Bypass and Rajgunj Chaas of Jharkhand. We will take call

on these projects in due course. This is all on my side. I would now request Mr. Paresh Mehta to present the results of Q1 FY2018.

**Paresh Mehta:**

Thank you Sir. Good afternoon everyone. I am sure you have had an opportunity to look at the presentation of the result update, which have been circulated and uploaded on our website also. I would now present the results for the quarter ended June 30, 2017, which are for the standalone accounts. The total income including other income for Q1 FY2018 is Rs.732 Crores as compared to Rs.476 Crores in Q1 FY2017 a growth of 54% year-on-year due to increased pace of execution. During Q1 FY2018, BOT division recorded a toll collection of Rs.238 Crores up from Rs.208 Crores as of 2017.

Our EBITDA for Q1 FY2018 is Rs.107 Crores compared to Rs.72 Crores in the corresponding quarter last year, a growth of 50% year-on-year. EBITDA margin for the quarter is at 14.6%, net profit is at Rs.62 Crores in FY2018 Q1 compared to Rs.31 Crores in FY2017 Q1, the increase in the net profit is mainly due to increased revenue and also due to ATI tax benefits that we earlier used to take at the end of the financial year. Now we are accounting on a quarterly basis. Total debts stood at Rs.4450 Crores of which project debt is Rs.4300 Crores, the standalone debt is Rs.150 Crores, which comprises of Rs.51 Crores on equipment loan and Rs.88 Crores of working capital loans. As communicated by Mr Parakh, we ended June 2017 with an order book backlog of Rs.6433 Crores, which we believe will enable us to grow at a higher rate over the next couple of years. With this we now open the floor for questions and answers. Thank you.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin with question and answer session. We take the first question is from the line of Nitin Arora from Aviva Life. Please go ahead.

**Nitin Arora:**

Hi Sir good afternoon. Sir the way we have concluded our first quarter revenue, can you attribute a few reasons to it, was it largely done because of what we have seen in other domestic infra companies, the billing was very fast by the government in order to show their purchases at a lower tax rate and what was the corresponding receivable provisions and inventory if you can share that number with us and related to that are we going to up our guidance what we have given and what sort of revenue growth we should end in, if we have started with a run rate of about Rs.700 Crores plus?

**Paresh Mehta:**

Just to clarify the turnover is not result of the billing, but it is on the amount spent and execution done at site. So we would like to clarify the turnover achieved is the actual physical progress happened on ground at the various projects mainly driven by our eastern peripheral project and by Kharar-Ludhiana project and also partially by the JNPT project. These projects have taken off well and have contributed to more than Rs.300 Crores on this top line. The inventories as far as EPC business of NHAI concerned are quite low. Our major inventory continues to be in the power side, which is the normal phenomena for the past three to four years, so there is no change so it is the position as of now.

**Nitin Arora:**

Sir what was the receivable days you ended against the Rs.700 Crores billing, what was the receivable we ended in the June as compared to the March 2017?

- Paresh Mehta:** I do not have that number, but I believe it continues to remain similar.
- Nitin Arora:** Okay similar and Sir if you can share your guidance on the FY2018 construction revenue where we are looking to end because now it seems like the bunching off has started now in your execution part?
- Paresh Mehta:** See based on the current run rate more or less we try to maintain the pace and try to achieve in the range of definitely about 25%, which we have guided in the previous call.
- Nitin Arora:** Sir with respect to two of your projects, which we are seeing from last almost now 6-7 quarters not moving is Islampur and Chas, what are we waiting for as of now, is it some obligation we are under that we cannot cancel the project despite or you think that there is just a pain of one more quarter in where we see the project finally get into the execution mode, just want to understand that?
- Paresh Mehta:** Islampur is, I do not want to say where it has been recommended for termination, but NHAI takes its own time to decide and such cases and Govindpur-Chas definitely will commence by mid of October. Land acquisition is in the process. So once the land acquisition is over will take up that project.
- Nitin Arora:** Of the current order book only Rs.275 Crores worth of orders you are looking at a risk nothing beyond that.
- Paresh Mehta:** Correct.
- Nitin Arora:** Sir just lastly we seen a lot of tenders by the Maharashtra Government about the HAM projects which kept on getting revised and revised again and now finally the Vadodara Expressway is also coming on the EPC part. Can you share something what is really happening on the ground with respect to HAM in the Maharashtra and as well as on the Vadodara Expressway is the billing or the payment terms are little tricky. That is the reason the bidding is getting late or is it something to do with the land acquisition. That is it from my side.
- Paresh Mehta:** Vadodara Expressway is definitely land acquisition in process and the internal approvals are yet to be done for the EPC project and HAM project as you know we also have similar information, so they are under process and they may announce any time, Maharashtra Government may announce anytime.
- Nitin Arora:** All right Sir. That is it from my side. Thank you very much.
- Moderator:** Thank you. We take the next question from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Good afternoon everyone and congratulations for a fairly good set of results this time around. I had a few questions from my side. The first question, which I had, was related to the Rajgunj project. I wanted to get a sense from you that considering where current traffic levels are. Is there

a chance of extension happening for this project and it would help if you could share the current ECU count for us to have a sense of that number and your set target traffic for this project?

**Paresh Mehta:** As of now for Rajgunj project, we are not considering extension of the toll period. It will depend on that moment of time.

**Aditya Mongia:** Sure, so at this point of time if there a thought process that they might be a reduction in the concession period?

**Paresh Mehta:** No I do not think so. There is no opportunity for reduction in the concession period.

**Satish Parakh:** ...this will get extended.

**Aditya Mongia:** So for the other projects wherein such loses are there any project that you consider to be having extension amongst your portfolio?

**Satish Parakh:** We will be having extension for Sambalpur also and Belgaum, Dharwad also. Also these numbers are not going anywhere in near to your target traffics.

**Aditya Mongia:** Sambalpur should get the maximum extension and for Belgaum should it be somewhere in between?

**Paresh Mehta:** It will not touch; certainly the full extension will be available.

**Aditya Mongia:** For both projects you are saying?

**Satish Parakh:** Target numbers are not quite high as such.

**Aditya Mongia:** The second thing which I wanted to get a better sense of was on the margins, this is the standalone margin I am talking about, which had been quite volatile over the past few quarters and this time around it is a fairly good number so some sense on what is driving this volatility in margins would be useful?

**Paresh Mehta:** Basically volatility of margins is mainly impacted due to other incomes, otherwise at the EPC execution level they continue to be in the range of 12% to 12.5%. So EBITDA margins otherwise are mainly the quarter movement are there 1% around is on us due to other incomes.

**Aditya Mongia:** Because this time the number is 13.5% last quarter which was for FY2017 the number was much lower so just thought I will get a sense from you, how to kind of... is it just a case of more T&D and less T&D in the revenue mix or other...?

**Paresh Mehta:** That in fact is today's tune of only 0.5% to the positive side because T&D is lower vis-à-vis road, roads have a better margin.

**Aditya Mongia:** And would there be big difference between BOT and non-BOT for present roads today?

- Paresh Mehta:** Yes so now the execution on both roads, EPC as well as BOT are almost similar because we are executing Kharar-Ludhiana also on the EP and JN is on the EP side so it is 50-50 mix of BOT and EPC.
- Aditya Mongia:** Sure. Sir the last question on my side what is the thought process in terms of order enclosed for the current year that you have been through? Thank you.
- Satish Parakh:** We have not seen much activity on bidding in Q1, we expect now Q2 we should start seeing aggressive bidding coming in again. Definitely our participation will be there in most of the bid so either on EPC or HAM.
- Aditya Mongia:** Sure Sir those are questions from my side. Thanks a lot.
- Moderator:** Thank you. We take the next question from the line of Anish Hariprasad from Antique Stock. Please go ahead.
- Anish Hariprasad:** Hi Sir great set of numbers. Sir if you can just give me the update on the airport project rather if we still believe that start in the October the execution and also if you can give me toll hike, we have seen during the quarter?
- Paresh Mehta:** As far as airport project concerned we have still not signed the agreement with... and we are still under the new diligence of various document so the October date would typically look like going ahead so as of date it is under process.
- Anish Hariprasad:** So what would be the expected...?
- Paresh Mehta:** Once the diligence is over, probably we will get a better visibility when it starts.
- Anish Hariprasad:** And the toll hike numbers during the quarter?
- Paresh Mehta:** During the quarter, we had generally toll hike numbers on four projects, Jaora-Nayagaon which was 7% and Dhankuni, Belgaum and Sambalpur was in the range of 4%.
- Anish Hariprasad:** Okay and what is the number that is coming for Durg and Bhandara, I believe it is in September so?
- Paresh Mehta:** Durg and Bhandara could be in the range of 3.5%.
- Anish Hariprasad:** 3.5% okay Sir just last question if you can just give me the debt number for Sambalpur and Jaora SPV number?
- Paresh Mehta:** Debt number on Sambalpur will be approximately Rs.780 Crores and Jaora would be in the range of Rs.520 Crores.
- Anish Hariprasad:** Thanks a lot Sir. Thank that is it from my side.

- Moderator:** Thank you. We take the next question from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Good afternoon Sir thanks for taking my questions and congratulation on a great set of numbers. Sir two questions from my side, one is on the EPC front I mean we have had a very strong execution at this point of time and order book also looks to be descent. So going forward basically what is going to be our bidding strategy in terms of looking more for let us say HAM projects itself or basically a mix of EPC and HAM that we had been doing till now and are we looking to go light on the power T&D projects as well going forward?
- Satish Parakh:** Yes strategy will be same 50:50 BOT, EPC and HAM project is what we have in mind. We will be continuing similarly. Power T&D as and when we are getting opportunity, there is no reason to be slow on that. Our team is doing excellent job, so we definitely will promote that.
- Vibhor Singhal:** Okay so I think there is no change in that overall what we have been following till now.
- Satish Parakh:** Yes.
- Vibhor Singhal:** Fair enough. Sir my second question was on the ABL projects so now that we had basically concession period getting over for Indore-Edalabad in February I think there are a couple of more projects I suppose your Wainganga and Katni bypass also would probably...their concession period will also get over in the next 12 months or so I think in February and September, if I am not wrong. So, could you just guidance as to what exactly is the kind of toll collection number that you are looking either for let us say FY2017 because this is a big number which is like the others projects for which we do not have the concession in any period of all those six or eight projects including the FOBs, so I mean what is the kind of toll collection on the ABL owned project excluding let say the KSHIP and the Jaora project that we are looking for may be this year and the next year?
- Paresh Mehta:** See what will happen is Nagar-Aurangabad project will stop in this year and Wainganga will continue for a year.
- Vibhor Singhal:** Wainganga and Katni are I think getting over next year?
- Paresh Mehta:** Next year, though only consol we are not taking but we are earning revenue so that will continue. That will also have certain toll collection contracts also; so they would not be very significant so major contributors will be Nagar-Aurangabad, Wainganga and Katna.
- Vibhor Singhal:** So Aurangabad is getting over this year right?
- Paresh Mehta:** I think there is an extension of one year.
- Vibhor Singhal:** So September 16 was the original date I suppose,
- Paresh Mehta:** Yes.

- Vibhor Singhal:** So, September I think we will have Aurangabad also going out.
- Paresh Mehta:** September 18.
- Vibhor Singhal:** For Aurangabad?
- Paresh Mehta:** Yes.
- Vibhor Singhal:** Okay Sir. Till September 18 we have the project.
- Paresh Mehta:** Annuity project will kick off in this year.
- Vibhor Singhal:** Of course, I mean Chennai ORR.
- Paresh Mehta:** Modhul - Nippani is a 100% subsidiary kind of Ashoka Buildcon so that will add on and then Rs.39.5 Crores of semi-annuity and we will continue construction.
- Vibhor Singhal:** Chennai ORR would be in ACL right?
- Paresh Mehta:** Chennai ORR would be ACL. So that would also Rs.120 Crores Semi-annuity and Rs.50 Crores for Ashoka Buildcon.
- Vibhor Singhal:** When are we expecting the first annuity for your Modhul - Nippani project Sir?
- Paresh Mehta:** Should come anytime.
- Vibhor Singhal:** Anytime?
- Paresh Mehta:** There is a process of approval.
- Vibhor Singhal:** So there I think the cycle would start as you mentioned as December 11 when we got COD right?
- Paresh Mehta:** Yes accordingly.
- Vibhor Singhal:** Accordingly the numbers will be...fair enough and Sir lastly apart from four projects that you mentioned which have got refinanced over the last six to eight months, anymore projects that you are looking maybe Dhankuni or any other projects or I think we are done with...?
- Paresh Mehta:** We are expecting Dhankuni and Sambalpur to reduce by a more than percent and a half, but the bankers are in process so they will get in over this month probably, we will decide from May 30 unless most of the bankers have confirmed only couple of bankers left out so final will happen this month.
- Vibhor Singhal:** So maybe in Q3 onwards we might see a lower reduced rate for them also.

- Paresh Mehta:** No this is from May 30 onwards.
- Vibhor Singhal:** Okay and what is the rate that we are looking at those two projects Sir, reduced rate?
- Paresh Mehta:** Pardon.
- Vibhor Singhal:** What is the reduced rate that we are looking at those two projects?
- Paresh Mehta:** So for Sambalpur it could be in the range of 9.6 and for Dhankuni it would be in the range of 9.4.
- Vibhor Singhal:** 9.4? Fair enough Sir. Thank you so much for answering my questions. I will get back in the queue if I have anything more.
- Moderator:** Thank you. We take the next question from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Yes. Good afternoon Sir, congratulations on a good set of numbers. Sir in terms of the traffic growth that we have seen that seems to be quite volatile across projects, so for example Dhankuni, Jaora – Nayagaon and Belgaum – Dharwad seem to have almost double-digit traffic growth whereas on other hand Sambalpur, Durg, Bhandara seem to be having a negative traffic growth. So just wanted to get your sense on it, how do you see things progressing over the next one to two years in these projects?
- Paresh Mehta:** So on Bhandara, Durg and Wainganga because of toll rate is negative actually traffic growth is there to the range of 2% to 3% but it is though definitely low so NH-6 from Sambalpur to Wainganga appears to be a low traffic area, but all other projects have been doing well. So exceptionally Dhankuni and Jaora where it is double-digit no doubt, so I would attribute it just the economic impact has taken off.
- Parvez Akhtar:** And in terms of the Chennai ORR so when do we expect the project to get completed and COD to happen and let us say annuity to start?
- Paresh Mehta:** The project is already completed, we had applied for COD in the March end but final process is on and we expect at least in another 15-20 days we should get a COD.
- Parvez Akhtar:** In terms of Modhul – Nippani also I mean now since the project has achieved Provisional COD and final COD likely to come, what will be accountant treatment for the annuity revenues that we are going to get?
- Paresh Mehta:** The accounting treatment under the new IndAS policy would continue to remain as receivable to be accounted as and the carry cost which will be available from the component in annuity will be recognized as the income side. So there will be a finance income in the project and balance portion will be adjusted against the receivable from KSHIP, so that is the policy under IndAS.

- Parvez Akhtar:** Okay and Sir lastly if you could give us the equity infusion required in various projects both on the project wise basis and year wise basis?
- Paresh Mehta:** On Bagewadi and Hungund project we have approximately Rs.22 and Rs.23 Crores to be invested in this year, then on the Kharar-Ludhiana we have around Rs.60 Crores to be invested in this year, then on Ranasthalam, we will be investing around another Rs.60 Crores and then we will have the MIAL project and CGD, which will require equity based on how they progress. The gas distribution project will require approximately Rs.25-odd Crores.
- Parvez Akhtar:** Okay and Sir what about next year then?
- Paresh Mehta:** Next year Ranasthalam will require another Rs.50 Crores and other projects would have been totally funded, so Bagewadi, Hungund, and Kharar would have totally equity funding would have got over this year itself and CGD would require another Rs.20 Crores. So Rs.70 Crores next year? Of course this also includes the portion of SBI-Macquarie, which has to invest, which is the tune of almost Rs.70 Crores, which either they will invest or new investor will come in, he will bring the investment. Because SBI-Macquarie will not invest in near future, the new investors could bring in additional money.
- Parvez Akhtar:** Sure Sir thank you from my side I will come back in queue if I have more questions.
- Moderator:** Thank you. We take the next question from the line of Abhijith Vara from Sundaram Mutual Fund. Please go ahead.
- Madhan:** Good afternoon Sir, Madhan here, Sir you in the initial remarks mentioned there is a slowdown in the construction activity in NHAI including MoRTH, can you tell us what is our construction and is it the land acquisition project specific issues or you are generally seeing many projects getting into that problem now?
- Satish Parakh:** What typically we have seen because of this change over phase from old land acquisition act to new land acquisition act. Some of our projects partially had been acquired under old act. All those people are now demanding with new rates for the single land, so in particularly the transfer phase, some of the projects have suffered drastically and that has impacted overall acquisition. Going ahead now NHAI is very careful taking the 90% is acquired and possession of NHAI. That project hence would not suffer much on land acquisition issues.
- Madhan:** This change from which period we should be looking at, from which period...?
- Satish Parakh:** What was happened in last three to four years some of the project land acquisition was started, but project did not see bidding and after when there were supposed, a bid part of the land acquisition act done to be with new land acquisition act. Therefore the difference in rates has been very high on the partial acquisition. So all the affected parties who got the compensation under old get arbitration and they wanted with the new rates, which through arbitration awards NHAI addressed and sorted out. The whole process has taken a lot of time. This whole process has taken significant time.

- Madhan:** Now the issue is behind us or you think still?
- Satish Parakh:** For the new projects I think the issue is behind us, unless there are some new projects, which has still old acquisitions done then definitely those projects will suffer.
- Madhan:** We saw in some of the projects which got awarded in the March 2016 period or during the last quarter of FY2016, the execution still not happening and commissioning the letter of award still not there so?
- Satish Parakh:** See what was happened, compensations were paid, but possession was not taken by or even the acquisition notices were given and compensation not paid, so we have all types of cases in this transit period, so each project will have a different implications altogether.
- Madhan:** So what are projects being recently won, there these issues are being mostly....?
- Satish Parakh:** Ranasthalam, we are not facing any issue on Kharar-Ludhiana there have been partial issues, but they are getting sorted out. In peripheral, we suffered in last two months back on acquisition issues, but which have been addressed to a great extent now.
- Madhan:** Because of this issue, this year there is any chance that the overall target in terms of new award can be lower because they have to acquire now 90% land will that probably delay the overall award?
- Satish Parakh:** No this process of acquiring 90% had been started one and one-and-a-half years back, so projects in pipeline which are already ready for bidding that definitely will get started in this year itself.
- Madhan:** You target award order?
- Satish Parakh:** Target award order is very difficult to comment at this time.
- Madhan:** Order receipt?
- Satish Parakh:** Yes. Order receipt will depend upon how much they are able to do target alone, orders for entire industry will be very good.
- Madhan:** Okay Sir. Thanks for taking my questions.
- Moderator:** Thank you. Next question is from the line of Ashish Shah. Please go ahead.
- Ashish Shah:** Yes, Sir just a couple of questions, on the CNG project, so have we achieved the financial closure?
- Paresh Mehta:** No, as far as financial closure is concerned, technically we have achieved financial closure. We are in talks with bankers for tie-up, but because the investment is way too small, it is hardly

Rs.150 Crores project to be funded. Presently the expense is less; financial closure will happen in a couple of months' time, but it is not a great challenge.

**Ashish Shah:** Okay, but you are saying that physically the work should commence sometime in second half of this year.

**Paresh Mehta:** CGD physical work has already commenced, lot of activities have happened and we expect to do our first sale of gas in the Q4.

**Ashish Shah:** Right and have we tied up in terms of the sourcing for the gas and other in the transportation infrastructures, so is the backend in all done on that?

**Paresh Mehta:** Sourcing is tied up and we are in the process of setting up the physical infrastructure for that, all permissions has been received, payments made.

**Ashish Shah:** Sir any more details you could give in terms of what sourcing, how much quantity pricing, anything that you could share on that?

**Paresh Mehta:** Not yet, this is more of an infrastructure creation, the other things will happen in course of time.

**Ashish Shah:** No I meant on the gas side?

**Paresh Mehta:** On the gas side, we have tied up with GAIL, but otherwise things are - quantity and price is not a great challenge at this moment of time. That will happen later on.

**Ashish Shah:** Sir second question was on the Chennai ORR project, we have seen the rating downgrade recently on that, so would we support the project till the time that the cash annuity actually starts trickling in?

**Satish Parakh:** Yes, we are completely supporting the project. We are seeing the pre-COD also will get very soon, ratings will go up.

**Ashish Shah:** Sir the cash would actually come like six months after the COD is declared, right so the cash actually comes early next year until that time we would continue to support the project?

**Satish Parakh:** COD we are expecting from sometime in mid April date they will give for the end of project and six months from this we should start getting so...

**Paresh Mehta:** By October, we should be able to get some.

**Ashish Shah:** So you mean April 17 is when you will get the pre-COD?

**Satish Parakh:** Right.

**Ashish Shah:** So the October...

- Satish Parakh:** March end is what we have applied after that there will be between March end and April end we will get some date.
- Ashish Shah:** Fair enough, so what is the progress on the northeast projects?
- Satish Parakh:** Northeast projects are actually they are milestones.
- Ashish Shah:** Okay so there is no problem there, I mean work is going on as expected?
- Satish Parakh:** Yes.
- Ashish Shah:** Last question from my side. What could be the capex for this year and next year?
- Paresh Mehta:** Capex for machinery would be in the tune of approximately Rs.55-60 Crores, other capex is only as far as an equity investment is concerned, which we have already discussed.
- Ashish Shah:** Thanks. Sure Sir.
- Moderator:** Thank you. We will take the next question from the line of Aditya Mongia form Kotak Securities. Please go ahead.
- Aditya Mongia:** Just a clarification. This is regarding the Sambalpur project wherein as far as I recall FY2016 annual report had Rs.1000 Crores kind of debt number and I kind of relate that we are now seeing that this number is lower at about Rs.700 Crores, just thought I will get a sense from you.
- Paresh Mehta:** Rs.800 Crores, yes.
- Aditya Mongia:** Has the debt number declined over the last two years in Sambalpur or what exactly have happened over there? As far as I recall 2016 number was Rs.1060 Crores of loans for Sambalpur?
- Paresh Mehta:** No I do not think, maybe we can discuss off line again.
- Aditya Mongia:** Sure Sir. I will do that Sir and if you want to suggest anything on this proposed swap 39% stake which SBI-Macquarie has any progress, which have been made in that direction?
- Paresh Mehta:** The process of stake sales by SBI-Macquarie is on and are discussing with potential investors, SBI-Macquarie wants to definitely exit with a very good IRR, and so they are negotiating for the best gain, so that process is on.
- Aditya Mongia:** Would it be fair to say that typically in these kinds of transactions for road projects the cost of equity would be in the range of about 14% or am I way off the mark?
- Paresh Mehta:** It differs from the various stages of the project and the kind of investor who are coming in. So it is purely a total pension kind of long-term investor we would have a lower rate of discounting, so

probably IRR expectations could be lower, for some investors higher. So it all depends finally when and who you strike a deal with.

- Aditya Mongia:** Sure Sir. Those are my questions. Thanks a lot.
- Moderator:** Thank you. We will take the next question from the line of Devam Modi from Equirus Securities. Please go ahead.
- Devam Modi:** Thanks for the opportunity and congratulations on a great set of numbers. What would be the breakup of our revenues into BOT, cash contracts and power T&D?
- Paresh Mehta:** On the power side, we have approximately Rs.110 Crores of turnover. Balance Rs.560 Crores of turnover is from roads. I do not have the specific number on the BOT, but it is approximately in the range of Rs.200 Crores.
- Devam Modi:** When we look at between two quarters, the value of Chaas project has actually gone up is this due to some other reason because I understand that project has not moved per se?
- Paresh Mehta:** They have given certain additional orders for utility shifting, which had been added to the basic project cost, so there some execution is going on, but the basic project is yet to take of, so that probably should happen in few months.
- Devam Modi:** We are hearing a lot of news articles and lot of idle fleets on ground post GST are we seeing any impacts on traffic in our portfolio in this quarter?
- Paresh Mehta:** Does not seem to appear I think we will have to wait for...only 10 days apart. Post GST hardly much time has passed, I think so we will have to see three to four months to really see the impact of transportation impact.
- Devam Modi:** Sir in the case of NHAI EPC contracts are we seeing because you mentioned working EBIDTA is generally similar as earlier levels, now in NHAI EPC we understand that the working capital payments will be highly backended, so are we doing any working capital blockage in the contract like EP and all that is Eastern peripheral one.
- Satish Parakh:** Because we also have provisions for advances, mobilization advance, which balances out the working capital pressure.
- Devam Modi:** So we are not seeing a substantial working capital blockage per se with regards to the NHAI EPC contract?
- Satish Parakh:** Yes not much.
- Devam Modi:** Okay sure Sir. That is it from my side. Thanks.

- Moderator:** Thank you. We will take the next question from the line of Abhijith Vara from Sundaram Mutual Fund. Please go ahead.
- Abhijith Vara:** Thanks for taking my question again Sir. I just wanted to check what the bid pipeline is looking like for you. How many projects you would have bid for and also I think in Q4 call you guided you will be looking at about Rs.5,000 Crores of order flow, how much could materialize given that Q1 has been slightly weak?
- Satish Parakh:** Yes, Q1 has been slightly weak, but Q2, Q3 and Q4 we expect good number of orders to come. So anywhere between Rs.4000-5000 Crores is what we should be able to.
- Abhijith Vara:** What is your bid pipeline & how much would you be bidding for Sir right now?
- Satish Parakh:** As of now there are no bids, which have been, we do have some dates in Q2 and Q3 now, which are due, but these are getting extended due to the land acquisition issue. Really not sure whether this will get bid in Q2 or first part of Q3.
- Abhijith Vara:** But by FY2018 and as in by this financial year-end at least you hope that issues will get sorted.
- Satish Parakh:** It should be sorted out, yes definitely.
- Abhijith Vara:** Okay and Sir second question is on this working capital requirement, the inventories continued to remain on the high side, is it because of T&D nature of the business and once road EPC contracts will start getting contributing higher to the revenue, can we see some money getting released from the inventories?
- Paresh Mehta:** Yes. See what happening is because the business is growing, the inventory levels automatically will grow, but vis-à-vis this the roads and power, power is definitely more working capital intensive, but it will remain in the same pattern, so that pattern will not change.
- Abhijith Vara:** Okay. Sure Sir. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Sir just a couple of book keeping questions, if you could tell us the first year O&M that you have quoted for both your hybrid annuity projects?
- Paresh Mehta:** First year O&M, I do not have that number just now.
- Parvez Akhtar:** I will take it from the offline and Sir what is kind of debt in equity overall for the Kharar-Ludhiana project that we have tied up?
- Paresh Mehta:** For Kharar-Ludhiana 80:20. For HAM project I think that is the standard...

- Parvez Akhtar:** That is standard. Sure Sir, thank you. That is it from my side.
- Paresh Mehta:** On the O&M expenses for Kharar-Ludhiana the first year expenditure, revenue is Rs.15.2 Crores.
- Parvez Akhtar:** Okay and for the other one?
- Paresh Mehta:** 13.
- Parvez Akhtar:** Sure. Thanks a lot Sir.
- Moderator:** Thank you. We will take the next question from the line Devam Modi from Equirus securities. Please go ahead.
- Devam Modi:** This quarter generally compared to the normal margin profile your guide for the margins were a bit higher, you would attribute it that mainly to more execution of roads or how would it be and what would roughly the margin be in between the two segments?
- Paresh Mehta:** Definitely because construction of road is higher, the margin is slightly more due to roads won; otherwise there is no change in the estimated margins as was before.
- Devam Modi:** With regards to the whole real estate portfolio the holdings we have in Viva and Infraways how is the monetisation plan over there shaping out?
- Paresh Mehta:** Presently it is slow I think we will wait for the right opportunity.
- Devam Modi:** And Sir finally just on the HAM project like heavy cash certain IRR in the EPC company by way of an O&M component during construction, I mean how does the structure workout per se?
- Paresh Mehta:** IRR and O&M?
- Devam Modi:** Basically the entire IRR would be in the project SPV, but we can obviously have some IRR in the time of the EPC component of the HAM project, so with regards to this first year O&M and all which you would be having, this would be - while the project would be under construction?
- Paresh Mehta:** First year O&M contracts will start after COD.
- Devam Modi:** So there is no other - apart from the EPC revenues we are not having any other charges during the period of construction per se on the HAM project.
- Paresh Mehta:** Our EPC margins, which we generally guide of 12.5% EBITDA margin in EPC, are debt component, which is separate to the IRR, which is available at the SPV level.
- Devam Modi:** Okay. Sure Sir. That is it from my side. Thanks.

- Moderator:** Thank you. We will take the next question from the line Sagar Parekh from Deep Finance. Please go ahead.
- Sagar Parekh:** Congratulations on great set of numbers Sir. Just one thing what is the total equity invested currently in ACL right now from our equity portion?
- Paresh Mehta:** Approximately Rs.1100 Crores.
- Sagar Parekh:** Rs. 1,100 Crores and for the next two years how much total you said for FY2018 and FY2019 our portion?
- Paresh Mehta:** In ACL it would be to the tune of around Rs.90 Crores.
- Sagar Parekh:** In FY2018?
- Paresh Mehta:** FY2018 and FY2019, so FY2018 would be approximately 60 and around 35 in 2019.
- Sagar Parekh:** And ABL?
- Paresh Mehta:** ABL we have 45 Crores in our two annuity projects, which is in 2018, then whatever we invest in CGD approximately 20 Crores in CGD.
- Sagar Parekh:** 20 Crores in CGD. Any kind of like how does the model work in CGD if you can like briefly explain?
- Paresh Mehta:** CGD basically the model is, there is a license given by the government for a geographical area, so we got Ratnagiri as a geographical area where we are exclusive license holder for supply at CNG for 25 years and we create a network for domestic gas, for transportation purpose that is gas station and also for industrial use that is direct supply to the industrial houses. CNG is to be provided to all these sectors and the revenues coming from these two, three sectors will be our top line and then we source gas from this big Reliance or GAIL such bodies or may be international sourcing.
- Sagar Parekh:** So is this like a fixed return on capital employed kind of model or?
- Paresh Mehta:** This is volume based, it would be volume based, but ultimately because it is a geographical area typically allocated to you, it will keep on growing as kind of a GDP growth or economic growth because full utilization will be there for the CGD suppliers. Initial pay, the revenue will keep on growing because numbers of connections will keep on adding in the first 5 to 10 years.
- Sagar Parekh:** What kind of typically over a period of the project... what kind of IRRs are we looking at then, about 15% odd?
- Paresh Mehta:** Definitely higher than that, 18% to 19%.

- Sagar Parekh:** That depends on the volume, so the risk for us basically would be if the volumes do not come?
- Paresh Mehta:** No volumes are there as I said because they are licensed areas, the volumes almost is totally under your control because the consumer had to be buy from you only, so that continues.
- Sagar Parekh:** Gas is also a pass through then, the cost of gas?
- Paresh Mehta:** That is also passing through; there is no control of pricing, so it is re-pricing mechanism.
- Sagar Parekh:** Then it is purely cost plus kind of model right for us in terms of margins?
- Paresh Mehta:** In fact it could be, because it is a cost plus because you will have keep on varying the price of gas every now and then, maybe in the industrial and transport yes, but domestically it almost remains constant.
- Sagar Parekh:** Correct, so then what would be the risk for us because as far as I can see there is no risk absolutely because the volumes are probably what it is, the cost of gas is also a pass through, and so then for us there is absolutely no risk then?
- Paresh Mehta:** We too believe that there is no risk, so that is the reason we have gone into this sector and even the PM office is also thrusting it substantially to get many and more cities into direct supply of gas and to get this what you call transported gas.
- Sagar Parekh:** Sir on the exit to be given to SBI Macquarie do we kind of guarantees any kind of exit to them because September 2017 I believe is the five-year period, which ends right?
- Paresh Mehta:** So there is no guarantee to the exit. Exit may happen by two, three modes either through an IPO or through a strategic sale or through a swap into an asset, which will happen whenever they are comfortable they want to do it, so for an exit pressure we do not have a pressure of exit.
- Sagar Parekh:** So either they are looking out for buyers for their stake or else we give them the exit?
- Paresh Mehta:** We do not...they will look after that.
- Satish Parakh:** There is no compulsion on us to give exit; they are waiting for good returns that is all. It is completely their product.
- Sagar Parekh:** There is no guarantee or compulsion from our part right?
- Satish Parakh:** No.
- Questionnaire:** Okay Sir. That is it from my side and all the best.
- Moderator:** Thank you. Well that was the last question. I now hand the floor over to Mr. Ashish Shah for closing comments.

**Ashish Shah:** I would like to thank the management of Ashoka Buildcon for giving us the opportunity to host the call. Thank you for your time Sir. We can close the call. Thank you.

**Paresh Mehta:** Thank you everybody.

**Moderator:** Thank you. Ladies and gentlemen on behalf of IDFC Securities that concludes this conference. Thank you for joining us, you may now disconnect your lines.