

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

November 12, 2018

Sub: Transcript for the Conference Call held on November 05, 2018

Please find enclosed herewith the Transcript of Conference Call held on November 05, 2018 in respect of Unaudited Standalone Financial Results (Limited Review) for the Quarter ended September 30, 2018.

Kindly take the matter on your record.

Thanking you,

For **Ashoka Buildcon Limited**

for Manoj A. Kulkarni

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



Encl.: As above



“Ashoka Buildcon Limited
Q2 FY2019 Earnings Conference Call”

November 5, 2018



ANALYST: MR. ROHIT NATARAJAN - ANTIQUE STOCK BROKING

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

Moderator: Good day, ladies and gentlemen and welcome to the Q2 FY2019 earnings conference call of Ashoka Buildcon Limited hosted by Antique Stock Broking. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohit Natarajan. Thank you and over to you!

Rohit Natarajan: Thank you Janis. On behalf of Antique Limited, I welcome you all to the Q2 FY2019 Post Results Earnings Conference Call of Ashoka Buildcon. We thank the management for giving us the opportunity to host the call. Today we have with us Mr. Satish Parakh the Managing Director and Mr. Paresh Mehta the Chief Financial Officer of Ashoka Buildcon. I would now hand over the call to the management for their remarks. Over to you Sir!

Satish Parakh: Thank you Rohit. On behalf of Ashoka Buildcon family, I wish everyone a very Happy Diwali and welcome you to the earnings call for the quarter ending September 30, 2018. Joining me on the call is Mr. Paresh Mehta, our CFO and Stellar Investor Relations our IR Advisors.

To start with, I would like to share that we have successfully tied-up financing for all the five projects under hybrid annuity model within the desired timeline and submitted the financing documents to NHAI. This demonstrates the confidence the lenders have in our company with regards to our financial strength and execution capabilities.

Moving to our performance during the quarter, the company delivered significant growth in EPC revenues due to strong execution and robust order book. We are confident to deliver strong growth going forward on the back of current order backlog and strong execution on our EPC projects.

With regards to the projects awarded by NHAI, we expect project tendering and awarding to gather pace in the next three to four months prior to the elections. Apart from huge opportunity in road space, we are also looking to tap the railway segment.

I am happy to say that we have received orders worth Rs.794 Crores for two packages in Dhanbad division of East Central Railway from Rail Vikas Nigam Limited during the quarter. The execution period for both the packages is 42 months for the construction of civil and electrical works.

As on September 30, 2018, the order backlog stands at Rs.9,764 Crores. The road projects constitutes around Rs.7,995 Crores, which is 82% of our total order book. Power T&D contributes the balance, which is Rs.1,769 Crores.

Among road projects order book EPC projects are to the tune of Rs.2,623 Crores and BOT Road projects are Rs.5,372 Crores. Please note that there are GST related adjustments made in order

book. The RVNL order is not included in the current order book, as we have still not got the LOA.

During the quarter, we received extension in concession period and permission of toll collection for three months from September 8, 2018 to December 18, 2018 for Ahmednagar-Ghodegaon-Wadala project. The extension was given by Public Works Department of Maharashtra. That is all from my side. I would now request Mr. Paresh Mehta to present the financial performance of Q2 and H1 FY2019.

Paresh Mehta:

Thank you Sir. Good afternoon everyone. I believe you must have gone through the results presentation and press released uploaded on the stock exchanges and on the company's website. I would now present the financial results for the quarter and half year ended September 30, 2018.

Total income including other income for Q2 FY2019 stands at Rs.780 Crores as compared to Rs.389 Crores in Q2 FY2018, a robust growth of 100% year-on-year. For H1 FY2019 total income grew by 36% year-on-year at Rs.1,500 Crores against Rs.1,107 Crores in H1 FY2018. During the quarter, BOT division recorded a toll collection of Rs.251 Crores against Rs.230 Crores in Q2 FY2018. EBITDA for the quarter was Rs.119 Crores as compared to Rs.56 Crores in corresponding quarter last year 111% year-on-year growth. EBITDA margins for the quarter were 15.3%. EBITDA for H1 FY2019 was Rs.237 Crores, 50% year-on-year growth against H1 FY2018 of Rs.158 Crores. EBITDA margins in H1 FY2019 were at 15.8%.

The company reported profit after tax of Rs.62 Crores in Q2 FY2019 against Rs.28 Crores Q2 FY2018, a growth of 124% year-on-year. For the H1 FY2019 profit after tax was Rs.126 Crores 49% year-on-year growth over H1 FY2018.

Total consolidated debt as on September 2018 is at Rs.5,091 Crores of which project debt is Rs.4,703 Crores. The standalone debt is Rs.388 Crores, which comprises of Rs.113 Crores on equipment loans and Rs.275 Crores of working capital loans. Increase in working capital is mainly due to commencement of construction activities in all the five HAM projects.

Ashoka Buildcon has a total receivable worth of Rs.82 Crores from GVR Infra Project Limited, which has been admitted for insolvency petition by National Company Law Tribunal. Though we have filed claims with the interim resolution professional, we hold security against the loans and trade receivables in the form of pledge of shares owned by GVR in our Chennai ORR joint venture. We believe that the value of the security would be sufficient to realize the value of the total receivables from GVR.

As mentioned by Mr. Parakh, the company has tied up cumulative debt of Rs.1,825 Crores for all the five HAM projects and submitted financing documents to NHAI within the stipulated timeline.

Total cumulative grant to be received from NHAI is Rs.2,216 Crores and total equity required to be invested by company for all HAM projects is Rs.466 Crores and Rs.181 Crores on account of the estimated price index multiple.

We have already invested Rs.193 Crores out of the total equity requirement in the five HAM projects. The mobilisation activities have started and with the construction activities to commence, we believe strong revenue growths for the next few quarters.

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

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

Vibhor Singhal: Good morning Sir. Thanks for taking my question and congrats on a great set of numbers. I think the topline, which pacifies many concerns, which we had in the last quarter regarding execution, so my question is basically a bit on the HAM projects so what is the status of construction activity in the five HAM projects and how many have we started execution and in the remaining ones when we will start? Also as you mentioned that we have already invested Rs.193 Crores of equity in these five HAM projects so that Rs.193 Crores investment is already included in the September balance sheet or is it after September that we have invested this amount?

Paresh Mehta: On the investment side, we have invested Rs.193 Crores of which Rs.60 Crores is invested after October 1, 2018 and Rs.133 Crores was invested, which was before September 30, it was the requirement for the financial closure process wherein liquidity has been invested by ACL, our holding company for the HAM projects and funds have been provided by ABL to ACL for funding liquidity. As far as the activities on the projects are concerned, mobilization and other activities have started and actual activity on ground will start once the appointed dates are received.

Vibhor Singhal: We have not received the appointed date for any of the sites?

Satish Parakh: No. We have yet not received. We are expecting by the end of Q3 we should get the appointment date for three projects and in Q4 another two projects.

Vibhor Singhal: The three projects that you believe we might receive the appointment date those will start contributing to the execution from Q4 in that sense?

Satish Parakh: Correct.

Vibhor Singhal: Sir does the Rs.133 Crores of equity, which we have invested in the projects before the financial closure as per the requirement, does that satisfy the upfront equity requirement by the banks and then now we can start drawing from the banks as per the execution?

Satish Parakh: Yes Sir, absolutely.

- Vibhor Singhal:** From here on does it work like that first bank will have to match that percentage and then the remaining we put in the equity or from here on as bank brings in let us say Rs.2 Crores, we also bring in an equivalent amount of money as well?
- Satish Parakh:** No. How it will work is the finance and the debt has to catch up with the equity contribution mix and then post everything will be on a pro-rata basis.
- Vibhor Singhal:** On a pro-rata basis, fair enough Sir and Sir this overall Rs.193 Crores of investment, which is being done in ACL is being done by ABL so that will also lead to a change in the shareholding structure of ACL, I suppose from what we own today and what SBI Macquarie?
- Satish Parakh:** Right Sir.
- Vibhor Singhal:** Is there a Math that has been worked out on that and can that be shared right now or will it be at some point of time or a later date or anything?
- Paresh Mehta:** This will be at a later date because we are in the process of exit, probably at that moment of time it will be crystallized.
- Vibhor Singhal:** Sure Sir. I think I will come back in the queue, if I have anything more and thanks for that. Thanks for answering my questions.
- Moderator:** Thank you. The next question is from the line of Abhijeet from Sundaram Mutual Fund. Please go ahead.
- Abhijeet:** This is Abhijeet from Sundaram Mutual Fund. Thanks for taking the question. The first question is if you could give project-by-project land availability status as on date for the five HAM projects?
- Satish Parakh:** Land availability in Ankleshwar, Belgaum, and Khairatunda these three projects are very much in advanced stage and we have 80% plus land only available. Then there are two projects of Tumkur to Shimoga still land acquisition is only 50% has been done and we are still facing some challenges.
- Abhijeet:** Sir is there any prerequisite that appointed date can be given only if 85% or 90% land is available is there some prerequisite?
- Satish Parakh:** 80% plus. Appointed date is given only after 80% of the land is available, so three projects already we have, but for 2 projects we have to take up 80%, which is in the process now.
- Abhijeet:** So three projects you have fairly sure that it should happen within the next few weeks?
- Satish Parakh:** Next few weeks these three projects we are quite sure. For the other two projects will happen in Q4.

- Abhijeet:** Any issues Sir with the land acquisition because it has been quite some time now for the remainder two projects? Is there any delay you are envisaging?
- Satish Parakh:** Delay is there in Tumkur to Shimoga because this change of government, which happened in Karnataka so some payment disbursement, actually gets only through state authorities. The other three areas we are able to achieve that. Karnataka also one project has progressed well. Only Tumkur to Shimoga some delays are there.
- Abhijeet:** Sir this Tumkur to Shimoga is Karadi Banwara or Mallasandra to Kharadi, which one Sir?
- Satish Parakh:** You are right. It is both. Both are one package. It is part of Tumkur to Shimoga package one and package two.
- Abhijeet:** Sure Sir. The second question is what will be the peak debt at standalone level envisaged once you put in all the equity requirements in the next let us say one and a half two years? What will be the peak debt, which is expected on standalone books?
- Paresh Mehta:** On the standalone, we have a debt in two parts. One is on the equipment side because the capex will be happening in the next two to three years, so these debts could rise too approximately from Rs.130 Crores to approximately Rs.270 to Rs.275 odd Crores and working capital side we have a limit of an Rs.320 Crores. It will be that the peak requirement, which could rise as the turnover keeps on rising. The maximum requirement will be in the range of Rs.500 Crores.
- Abhijeet:** With equity, which we will have to put in five projects that can be done within this debt levels? You do not to raise more debt? I am talking about the equity requirement is it?
- Paresh Mehta:** At present, we do not require for equity funding to raise any debt. It can happen through the cash flows of the company, so as execution increases, we may require some debt, the provisions can be taken into temporary debt is to be taken.
- Abhijeet:** Sure Sir. Last question Sir are you looking to monitor any assets and any progress on those fronts?
- Satish Parakh:** From a perspective of Macquarie which is in the phase of exit mode, definitely alternatives are being looked at, at either swapping couple of assets to them or monetizing and swapping it to them. What I have said is either swapping into the assets by Macquarie into one or two SPVs of the ACL or monetizing the asset and then giving them an exit.
- Abhijeet:** Timelines you can suggest when this will happen or it is still sort of getting performed up?
- Paresh Mehta:** We have kept a target of around six to nine months to get this done. We are also looking at the time lines and we are working together on that.
- Abhijeet:** Sure Sir. I will get back in the queue. Thank you.

- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Good afternoon team and congratulations for a good set of results. I have a few questions from my side. One observation from the result is that your project level debt actually is not increasing anymore, which is a good sign, so I wanted to get a sense whether there is obviously traffic growth also happening, so is there a scope of a meaningful reduction in the project debt on a net debt basis from here on for the operational projects?
- Satish Parakh:** That definitely is reducing. Now whatever stagnancy or increase in debt is there that is only for the new projects. The old project debts are getting repaid, so the repayment schedules. We may probably have to collect the data as the old project and new projects. This is net affect. We are taking that on our debts on Bagewadi or Hungund project, Kharar Ludhiana and Ranatsalam.
- Aditya Mongia:** Got that Sir. Sir how much is the invested money by Macquarie and how much would the pay out if it were to happen over the next six to nine months?
- Paresh Mehta:** They have invested Rs.800 Crores in ACL and based on valuations and perception of the valuation that could be in the range of around Rs.1400 odd Crores.
- Aditya Mongia:** Any net cash positions at an ACL level at this point of time stand alone level I am saying?
- Paresh Mehta:** No Sir.
- Aditya Mongia:** Got that. Lastly this is a question more on land acquisition you had said that certain projects of yours were also getting impacted? I wanted to get a sense that there was obviously a clause inside the concession agreement of descoping of land, which is not available some time beyond the appointed date, which is not going well with existing cases at this point of time? Has there been a substitute or has there been a change, which NHAI has recommended to ensure that if land is not there still the project execution does not get impacted and the existing concession only ends up doing everything?
- Satish Parakh:** Particularly in two existing projects Kharar Ludhiana and Ranatsalam, like in Kharar Ludhiana certain portions we are not able to give, that comes between 3% and 5% of the land.
- Aditya Mongia:** Descoping is something, which has been, because I was told by some of your peers that?
- Satish Parakh:** Descoping is being considered very seriously by NHAI and they are in the advances stages of doing it. The last date in the agreement is the completely followed.
- Aditya Mongia:** Got that Sir. Sir last question just want to get a sense this price index multiple of Rs.181 Crores that you were saying essentially this is mind that should be taken out of equity to find the leverage right? This was the five projects that you won for the HAM project?

- Satish Parakh:** Correct. The overall leverage including this price index multiple is 20% equity on the project cost, so once the price index multiple is realized it will slightly go down.
- Aditya Mongia:** Right and you have already committed as much, which was to be committed as an upfront equities what you are saying for all these five projects in Rs.190 odd Crores?
- Satish Parakh:** Correct.
- Aditya Mongia:** Thank you Sir. Those were my questions. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Jatin Naik from ICICI Mutual Fund. Please go ahead.
- Jatin Naik:** Sir what is happening in the CCD project has there been any revenue booking this quarter?
- Satish Parakh:** CGD we are still struggling to get permissions and we are likely to get in Q3. Procurement was very slow.
- Jatin Naik:** Any updates on how are we looking at that business per se now? Are we looking to add more orders we do not want to go ahead with that since we already have a lot of work on roads?
- Satish Parakh:** CGD is an independent vertical. We already have three orders in hand, so one is already under construction. Two are already I believe have been signed and works have started, so the next round of bidding we will participate definitely in CGD.
- Jatin Naik:** The current order that we have is going to need more than Rs.150 Crores of capital, which we had earlier talked about?
- Satish Parakh:** Rs.150 Crores in five years.
- Jatin Naik:** That Rs.150 Crores amount remains the same or that has gone because of the new order wins?
- Satish Parakh:** Rs.150 Crores is only for Ratnagiri. There will be another Rs.300 Crores to be invested in the next five years for the two orders, which we have backed one in Maharashtra and one in Karnataka.
- Paresh Mehta:** These are project costs.
- Jatin Naik:** Sir any plans of getting into real estate again? I think we cancelled it earlier? We got one project and we canceled and so plans of going back or we are continuing to stay away from it as of now?
- Satish Parakh:** As of now, we are not doing any real estate projects.
- Jatin Naik:** Sir that is all. Thank you.

- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir during this quarter the working capital debt has gone up significantly over the last six months from almost Rs.4 Crores to Rs.275 Crores for the same level of executions, so what explains this?
- Paresh Mehta:** Sir the level of execution has definitely increased in the half-year by 33%. That is one part. Definitely another infusion is infusion in the new HAM projects where cash flows as an EPC work is yet to start to come in, so basically the equity investment in this HAM projects and the work done is the additional.
- Parikshit Kandpal:** Out of Rs.275 Crores roughly Rs.270 Crores, so Rs.130 Crores would have gone towards the equity support?
- Paresh Mehta:** Correct.
- Parikshit Kandpal:** The balance will be the working capital?
- Paresh Mehta:** Right. Because of the Mysuru payments in HAM projects for our projects like Kharar and Ranatsalam the payments will be realized in this month or this quarter. It is more of as on date position, which will definitely improve.
- Parikshit Kandpal:** This quarter's revenues, what will be percentage share of the Power T&D business?
- Paresh Mehta:** Almost 46%.
- Parikshit Kandpal:** Has it gone up significantly quarter-on-quarter because the numbers look?
- Paresh Mehta:** It has gone up and because of the order book, which we have definitely this will keep on being maintained and we will have a decent execution in power T&D also.
- Parikshit Kandpal:** What was this contribution last quarter Sir if you can give in 1Q and YoY?
- Paresh Mehta:** In Q1, we had power revenue of almost Rs.132 Crores, which has now gone to around Rs.338 Crores for Q2.
- Parikshit Kandpal:** You are saying Rs.132 Crores was 1Q FY2019?
- Satish Parakh:** Yes Q1 FY2019.
- Parikshit Kandpal:** What was it in 2Q FY2018 if you have the numbers?
- Satish Parakh:** 2Q FY2018 was around Rs.54 Crores.

- Parikshit Kandpal:** This is a significant number, so working capital increase has largely been consumed in this business because of this ramp up?
- Paresh Mehta:** Partially, but definitely we have better payment terms in projects where we are executing like Bihar, which are basically contributing to this revenue ramp up.
- Parikshit Kandpal:** Sir, what will be the capex to be incurred on the balance what you have incurred already and what it will be like for H2?
- Paresh Mehta:** For H2, the balance capex would be approximately Rs.120 odd Crores.
- Parikshit Kandpal:** And 1H how much we have spent?
- Paresh Mehta:** Almost Rs.35 Crores to Rs.40 Crores.
- Parikshit Kandpal:** Sir, if you can please highlight what is the order pipeline right now for you? What are the big orders where you visibility and what is the outlook for like rest of the year how much you are targeting?
- Satish Parakh:** Q2 we bagged only this railway order, which Rs.700 odd Crores. We are seeing good bidding to happen in December, January and February, which will be NHAI, MoRTH.
- Parikshit Kandpal:** You will be bidding? Will you be bidding for these expressway Greenfield expressways the two expressways?
- Satish Parakh:** Yes we will be bidding for expressways also and HAM projects too. We may participate in around Rs.30,000 Crores of works.
- Parikshit Kandpal:** What will be the order intake for the rest of the year now? How much do you expect there?
- Satish Parakh:** We expect at least another Rs.4,000 Crores to Rs.5,000 Crores to get.
- Parikshit Kandpal:** For the rest of the year?
- Satish Parakh:** Yes.
- Parikshit Kandpal:** Thank you. That is all from my side.
- Moderator:** Thank you. We would take the next question from the line of Nilesh Bhaiya from Macquarie. Please go ahead.
- Nilesh Bhaiya:** You mentioned around Rs.4,000 Crores to Rs.5,000 Crores of new orders, so it is only from roads or is it taking into account individually?

- Satish Parakh:** This will be roads and railways.
- Nilesh Bhaiya:** Any expectations from power T&D?
- Satish Parakh:** Power T&D no new distribution projects we are seeing immediately. Railways are like combined with civil and electrical.
- Nilesh Bhaiya:** Sir we have seen great execution in Power T&D so can you tell me is that Uttar Pradesh projects are driving this higher execution or is it all around the order book?
- Satish Parakh:** Uttar Pradesh and Jharkhand all three projects are giving good execution.
- Nilesh Bhaiya:** Are the state governments more active in terms of payments here or they are demanding that these projects need to be completed before the elections?
- Satish Parakh:** Yes there is election pressure to expedite these projects and payments are also being made.
- Nilesh Bhaiya:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rita Tahilramani from Invesco Mutual Fund. Please go ahead.
- Rita Tahilramani:** Congratulations for a very good set of numbers. Sir if you could help me with the equity requirement across years for the HAM project, which we are looking at?
- Paresh Mehta:** As we have said for the new HAM projects we have pumped in Rs.133 Crores and another Rs.60 Crores was invested in September, so after September 30, we have invested Rs.96 Crores in our Baroda project that is Ankleshwar Project and for Ranatsalam project of Rs.36 Crores, so the balance equity is to be invested in 2018-2019 is approximately to the tune of Rs.92 Crores, which major includes Rs.48 Crores of Kharar-Ludhiana and approximately Rs.30 Crores in the CGD projects. Then the balance equity will be spent over 2019-2020 and 2020-2021 for the existing projects to the tune of Rs.300 Crores in 2019-2020 and Rs.136 Crores only in 2020-2021.
- Rita Tahilramani:** Sir CGD I missed the number how much did you mention is the total equity requirement in the CGD project?
- Paresh Mehta:** Total equity requirement will be approximately Rs.160 Crores.
- Rita Tahilramani:** Rs.160 Crores and of which we have infused only Rs.30 Crores as of now?
- Satish Parakh:** Yes approximately Rs.25 Crores we have infused and Rs.30 Crores to be infused in the balance 2018-2019 H2 rather.

- Rita Tahilramani:** Sir how much is the maximum equity? Are we comfortable in investing in a CGD project may be if I look at for a three-year timeline project?
- Paresh Mehta:** These projects are generally the project sizes may change. Presently the sizes, which we have are in the range of Rs.150 to Rs.200 crores, so equity requirement is in the range of around 30% of those projects so it will all depend on how projects are won and the equity deployment there, so we believe that the equity deployment will not be substantially high. The cash flows of the profitability of ABL will definitely take care of it and because these investments are to be made over a period of five to eight years time, it is the development period of the projects and also the good part in CGD project is after two to two half years, internal cash flows start coming in, which typically helps funding the balance capex at that moment of time.
- Rita Tahilramani:** Do we have any internal target that this is the maximum number of CGD projects, which we are okay to win?
- Paresh Mehta:** We look at the opportunity, which is available, so depending on how projects come up we will see.
- Rita Tahilramani:** Lastly on this railway project, which we have won how much, is the margins are expecting to make on these projects considering the electrical work is also involved and you will obviously execute with a JV partner?
- Satish Parakh:** These are typically power and road mix contracts so they will be in the range of 11% EBITDA margin.
- Rita Tahilramani:** That is it from my side and good luck for future.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Good afternoon Sir. Thanks for taking my questions. Sir most of my questions have already been answered. Just one was on the financial closure we have achieved for BOT hybrid annuity projects, so when I look at the number you said Rs.180 odd Crores is for the inflation adjustment that you will get to have in the future, so does it mean the entire inflation would be funded by us and the banks the debt that we have kind of tied up with the banks would remain the same number or when the banks would be willing to give it little extra to be able kind of compensate in adjustment that you get to have to have and also the same with the grant, so grant would also change right and then in proportion in line with the change that you get to have in your EPC?
- Paresh Mehta:** The grant typically remains similar to the EPC and some small variations for the 40% in the PIM on that, but otherwise the PIM, which we were estimating of Rs.181 Crores to be retained at the SPV level for funding this project in case there is a short fall in this PIM equity commitments will increase, but the overall commitment on equity will within the range of 20% of the project cost.

- Prem Khurana:** Depending on the kind of cost that you get to have and the number could change around Rs.180 odd Crores could be different number if you do not get to have any inflation you will not get to spend this money? It will remain in the SPVs like how it will work? If you could also explain what kind of adjustment did we make in our order backlog during the quarter? You said there was some adjustment related to GST? What was the quantum for which all projects did we have this adjustment during the quarter?
- Satish Parakh:** They are at each project level. Whatever claims we have made with NHAI for GST refund for the whole projects those adjustments are made. I cannot pinpoint which because they are all small numbers on each project.
- Prem Khurana:** How much was the total quantum if you could share?
- Paresh Mehta:** We will have to come back on that.
- Prem Khurana:** Sure no problem and just one last on growth numbers. In H1, we have already done 33% odd and on your last call you spoke about 30% odd kind of revenue growth that you were targeting for FY2019 given the fact that H1 has been seriously good and we have been able to manage financial closure for all our five hybrid annuity projects? Is it a chance that you will be able to develop better than what you were guiding for and you maintaining status quo on the revenue guidance?
- Satish Parakh:** Revenue growth would be to the tune of 35% to 40%.
- Prem Khurana:** 35% to 40% and Sir the descoping that you spoke about in Kharar-Ludhiana this is descoping or delinking essentially if they were to give you land at a later date would be willing to kind of take that or it will get descoped permanently?
- Satish Parakh:** All descoping will be permanent.
- Prem Khurana:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** Sir my question was on margin front so first half of the year given higher executions done on T&D projects and you expect the contribution from T&D to continue going forward as well and we have done better margins at 13.5% in the first half of the year versus the full year guidance that you had given in the previous call was around 12% to 12.5% so where do you think in the exit this year in terms of EBITDA margin?
- Paresh Mehta:** We believe that we should be in the range of 13%. There are like in the first half we have accounted for bonus on the EP projects so that has contributed so in case of one off item these margins could be more but otherwise based on H1 performance it could be in the range of 13%.

- Ankita Shah:** Around 13% great and Sir I just missed the number of power T&D execution in this quarter?
- Paresh Mehta:** This is approximately Rs.338 Crores.
- Ankita Shah:** Rs.338 Crores got it and Sir another thing there would be a toll rate hike in Bhandara and Durg project this quarter right?
- Satish Parakh:** It is 3% Madam.
- Ankita Shah:** 3% got it. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Avneet Parekh from B&K Securities. Please go ahead.
- Avneet Parekh:** Thank you for taking my question and congratulations on a good set of numbers. Sir in the next two quarters do you expect any toll rate hike in all of your BOT projects?
- Paresh Mehta:** We could not hear you could you repeat?
- Avneet Parekh:** Toll hike in your projects in the next two quarters?
- Paresh Mehta:** There is no toll hike in H2.
- Avneet Parekh:** No toll hike and Sir in the Ahmednagar Aurangabad project there has been a decline in the revenue, so is there any traffic problem there?
- Paresh Mehta:** The difference in the number is because of the claim receivable from the Maharashtra Government for MSRTC and motor vehicles.
- Satish Parakh:** This is in Q1. In Q2 we are accounting on cash basis 160.
- Avneet Parekh:** Thank you Sir. That is from my side.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss. You may please go ahead.
- Parvez Akhtar:** Good afternoon Sir and congratulations for an excellent set of numbers. Sir, a couple of questions from my side. There seems to have been a lot of adjustment in terms of order book even across segments like power, etc., so just want to check has there been any new projects that we added to our order book in Q2 or it is just the adjustments that we are seeing, which is resulting in the change in values?

- Paresh Mehta:** As we said, this is basically on account of GST this receivable adjustment in this order book because power also has a component of GST. All our accounting now is done net of GST and the order book is also net of GST, so that impact is there.
- Parvez Akhtar:** There was no order inflow in Q2 per se?
- Paresh Mehta:** No.
- Parvez Akhtar:** Sure and Sir, you said that you have infused Rs.133 Crores of equity in the five new HAM projects in Q2? Apart from that was there any other equity infusion in the other projects like the two old HAM projects in Q2?
- Paresh Mehta:** I could not get it.
- Satish Parakh:** Could you repeat?
- Parvez Akhtar:** Sir apart from the Rs.133 Crores equity that we had infused in the HAM projects in Q2 was there any other equity infusion in Q2?
- Paresh Mehta:** In Q2 nothing more.
- Satish Parakh:** In Khiaratunda there was an Rs.10 Crores infusion and in Bagewadi there was an Rs.5 Crores infusion.
- Parvez Akhtar:** Lastly, I am sorry, but I kind of got confused with the future equity infusion that you had given for various projects would it be possible to repeat it?
- Paresh Mehta:** For 2018-2019, the balance H2 period total equity infusion is approximately Rs.93 Crores, which is split into Rs.8 Crores in Bagewadi, Rs.48 Crores in Kharar Ludhiana, Rs.6 Crores in Ranatsalam and approximately Rs.30 Crores in CGD. For 2019-2020, it is around Rs.300 Crores and for 2020-2021, it is Rs.136 Crores. These are road as well as CGD costs.
- Parvez Akhtar:** Sir, FY2019 and what do we expect our standalone debt to be?
- Paresh Mehta:** The equipment debt would be in the range of approximately Rs.200 Crores and the working capital the limits would be in the range of Rs.200 Crores- Rs.250 Crores as on a particular date, so average utilization will be in that range.
- Parvez Akhtar:** Sure Sir. Thanks. That is it from my side and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from IDFC Securities. Please go ahead.

- Ashish Shah:** Sir the first question is about the HAM project funding that you spoke about I am a still a little confused sorry, but you are saying Rs.181 Crores is the potential escalation that can happen in the fanatically closed cost that we have is that the understanding?
- Paresh Mehta:** Yes. That will be received from NHAI.
- Ashish Shah:** Rs.180 Crores is the potential increase in grant that can happen because of the increase in EPC that is what you are saying?
- Paresh Mehta:** The total index impact yes that is true.
- Ashish Shah:** May be you can explain this because I am not sure if others have understood?
- Paresh Mehta:** The price index multiple will be received on the total 100% of the project, which will be retained at the SPV level, which will be part of the funding of the project cost.
- Ashish Shah:** You are saying that whatever additional grant comes from NHAI on account of increase in the EPC that will be retained at the SPV level?
- Paresh Mehta:** Right.
- Ashish Shah:** So Rs.181 Crores is that what we are saying that potentially Rs.181 Crores is the incremental grant over the original EPC that we could potentially get?
- Paresh Mehta:** Right Sir and the EPC to be paid is a fixed price contract price so this clearly retained at the SPV level and not passed on to the EPC part.
- Ashish Shah:** Our equity contribution will remain at 456 or is that likely to increase on account of any increase? EPC will be a fixed number right? Has EPC been frozen?
- Paresh Mehta:** The EPC is frozen.
- Ashish Shah:** I am saying the financially closed cost that would be a frozen number right so even if the EPC increase the financially closed cost will not change?
- Satish Parakh:** No that will not change.
- Ashish Shah:** Whatever additional money comes basically that gets retained in the SPV that is what we are saying?
- Paresh Mehta:** Correct.
- Ashish Shah:** Sir also continuing with that what is the EPC margin that you would normally expect for the EPC for the five new HAMs would that be lower than your current margin profile?

- Paresh Mehta:** That will remain at 12%.
- Ashish Shah:** You would expect 12% margin for the five new HAM projects?
- Satish Parakh:** EPC.
- Ashish Shah:** Sure coming on the BOT side just a couple of questions in some of the projects there seems to be little bit of a slowdown in traffic especially in Durg and Bhandara there seems to be some slowdown so any particular reason there?
- Paresh Mehta:** No specific reason for slowdown. It is more of economic activity in those areas and presently rainy seasons also were there in the central part, but I think it is more of an economic activity. When you see projects like Sambalpur or when you see projects like Dhankuni where there is a robust growth it is more driven by a local trade activity and transport activities.
- Ashish Shah:** Lastly what is the mobilization advance that we will get from these five HAM projects?
- Paresh Mehta:** This will be 10% of the EPC.
- Ashish Shah:** That could come in the last quarter of the year is that a good assumption?
- Paresh Mehta:** Yes, once the appointed date is given we will apply.
- Ashish Shah:** For the three projects it will definitely come probably in Q3 or so?
- Paresh Mehta:** It will come in two installments. It comes as 5% plus 5% there is a time lag of a month or so more in both 60 days in both of them.
- Ashish Shah:** That should be fine. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Abhijeet from Sundaram Mutual Fund. Please go ahead.
- Abhijeet:** This is Abhijeet. Thanks for the followup. I wanted to clarify on two balance sheet items Sir. One is the other financial assets does it include work-in-progress current assets?
- Paresh Mehta:** Unbilled portion, it includes the working capital, yes.
- Abhijeet:** The loans are also going up Sir in the noncurrent assets loans have gone up from Rs.113 Crores to Rs.478 Crores?
- Paresh Mehta:** That is basically it is called the fund, which has been infused into ACL has been accounted there and also some reclassification from current to noncurrent of previous funding done ACL by ABL

that is the reason. The component is basically ACL contribution to ACL for all the five plus two annuity projects.

- Abhijeet:** I am saying that Ashoka Buildcon has given a loan and not as equity infusion into ACL?
- Paresh Mehta:** Presently as a loan, in due course it will be converted into equity for ACL.
- Abhijeet:** Sure Sir. Those were my questions.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
- Vibhor Singhal:** Thanks for taking my questions again Sir. Sir just to harbor with more on Harsha's question so the toll collection growth if you see in the first two quarters has actually been quite muted for almost all the projects apart from two projects which is Dhankuni and Sambalpur in fact those are the only two projects, which seemed to be registering a double digit toll collection growth? All the other projects have been down to around 7%, 2%, 4% and 3% and they are kind of spread across the country, so anything specific that you see that is impacting these projects individually or is it a general trend that you are seeing?
- Paresh Mehta:** We think it is more of a general trend; economic activity is not at the fullest levels, so I think so that is the repercussion.
- Vibhor Singhal:** But nothing on the financials Sir?
- Paresh Mehta:** The marginal impact could be on account of the axle definitions and the loads have increased by almost 20% on vehicle but that is not really specifically noted now. We have to still quantify that.
- Vibhor Singhal:** But even quantify I am not too sure if that would have a very large impact or would it?
- Paresh Mehta:** Should not.
- Vibhor Singhal:** Should not, so basically nothing specific in terms of let us say may be traffic diversion or anything else in any of the projects that we are facing?
- Paresh Mehta:** No, nothing abnormal in the quarter.
- Vibhor Singhal:** Great Sir. Sir my next question was on the margin front, so you mentioned that we are looking at around 13% margins for the full year, now Q1 we had a basic impact of the early completion bonus as well so what explains the margins of 13.6% in this quarter? Is it a normal raise that we have or is it some exceptions that we had in this quarter?
- Paresh Mehta:** For both the quarters, the Q1 and Q2 the impacts are two. One is on account of the bonus recognition and the second on GST refundable on the older contracts.

- Vibhor Singhal:** Going forward adjusted for that also we expect margins to be around 13%?
- Paresh Mehta:** Yes.
- Vibhor Singhal:** Great Sir. Sir my last question is on the SBI Macquarie front so basically can you just basically apprise us what is happening on the front and what is the likely timeline and the nature of the kind of exits that we are seeing at this point of time? I know it is a moving situation and lot of variables was tried? What is the visibility that we have in terms of how and what and when it could happen?
- Paresh Mehta:** We both are working towards the exit and we expect timelines of six to nine months where I think so we should conclude everything.
- Vibhor Singhal:** Six to nine months the SBI Macquarie should be done in whatever form that is being down right now?
- Satish Parakh:** Yes.
- Vibhor Singhal:** Sure Sir. Great. Thanks for answering my questions and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.
- Dhananjay Mishra:** Sir what is the rate of interest at which we have done the financial closure for the HAM project?
- Paresh Mehta:** At present given in the range of 9.5% to 9.6% wherein we have already seen two kinds that a small increase in NHAI so at present there is range of 9.5% to 9.6%.
- Dhananjay Mishra:** The entire interest cost will be borne by NHAI and they have different calculations when you got project? You will also get the interest cost from NHAI right?
- Paresh Mehta:** Yes.
- Dhananjay Mishra:** When we got the project what was the interest cost calculated by NHAI that is bank rate plus 3% or something like that?
- Paresh Mehta:** The amount is 9.75%.
- Dhananjay Mishra:** We have got it lower rate or fixed rate?
- Paresh Mehta:** No we have got it low rate and bank rate, which is PEG rate for NHAI will probably change on a periodical basis. They do not change very in short term, but over a long period of time they may also change and they may do more in the next couple of months. I believe that is our estimate.

- Dhananjay Mishra:** All the best. Happy Diwali.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Sir I have a few questions from my side. The first one was related to this issue regarding GVR if you could throw more light on the receivables, which are pending and the kind of security that you have against them?
- Paresh Mehta:** There are two exposures to them. One is financial as well as operational exposures to them, which are to the tune of Rs.82 Crores and we have a pledge of 24% of the shares of our Chennai ORR project wherein we have 50% and they are 50% partners, so in that perspective the value of 24% is sufficient to cover the exposure. From that perspective we believe that we are not having loss on that, but we take the call in the next couple of quarters how the proceeding goes.
- Aditya Mongia:** You said Rs.82 Crores right?
- Paresh Mehta:** Right.
- Aditya Mongia:** There are no commitments remaining from these two assets. These are operational assets right today?
- Paresh Mehta:** The Chennai ORR is earning revenues and it is coming in and Mudhol Nipani we are controlling the assets, so we are the 100% owner of that asset, so it is already earning revenues.
- Aditya Mongia:** Sure Sir. Sir the second question was on the five HAM projects, which will start contributing what is the expectation of revenues that you will be working at an EPC front on these five projects? The second half I am asking the second half FY2019?
- Satish Parakh:** I think you are looking at around Rs.300 Crores to Rs.400 Crores from new projects.
- Aditya Mongia:** Just to clarify this will also be booked at an SPV level in some fashion so even there the revenues will be booked and even here the revenues will be booked right?
- Satish Parakh:** Exactly.
- Paresh Mehta:** When we consolidate there is only one number definitely.
- Aditya Mongia:** Got that Sir. Sir last thing you were talking about Rs.1,400 Crores of payout, which were to happen if Macquarie were to be completely exiting? If that were to be scenario essentially would we be then thinking of taking a more loan at the standalone level this is ABL or would we be thinking of selling some assets?

- Paresh Mehta:** Sir Rs.1,400 Crores is what the value of their exit would be, but it is not a payout from ABL. There would swap into the underling SPVs of ACL, so typically there is no payout. There is no plan of any debt to be raised on ABL to pay them out. We would talk a few SPVs and in view of invest it.
- Aditya Mongia:** Got that Sir. That is the thing I want to clarify. Thanks a lot. Those are my questions.
- Moderator:** Thank you very much. Ladies and gentlemen that seems to be the last question in queue. I would now like to hand the conference over to the management for their closing comments.
- Satish Parakh:** We thank all the participants for joining this call. If you have any further queries you may connect with us or with our IR agency Stellar and lastly wishing everyone a very Happy Diwali and a Happy New Year. Thank you.
- Moderator:** Thank you, very much. Ladies and gentlemen, on behalf of Antique Stock Broking we conclude today's conference. Thank you for joining us. You may now disconnect your lines now.