Ashoka Buildcon Limited

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

Scrip Code : 533271

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

Scrip Symbol : ASHOKA EQ.

May 31, 2023

Sub: Call Transcript

Please find enclosed herewith the copy of transcript of the Earnings Call held on May 25, 2023 in respect of Audited Standalone and Consolidated financial results for the quarter and year ended March 31, 2023.

Kindly take the matter on your record.

Thanking you,

For **Ashoka Buildcon Limited**

MANOJ ACHYUT KULKARNI

Digitally signed by MANOJ ACHYUT KULKARNI
Date: 2023.05.31 10:30:46 +05'30'

Manoj A. Kulkarni
(Company Secretary)
ICSI Membership No. : FCS – 7377

"Ashoka Buildcon Limited Q4 FY'23 Earnings Conference Call"

May 25, 2023

MANAGEMENT:	**MR. SATISH PARAKH – MANAGING DIRECTOR, ASHOKA BUILDCON LIMITED.**
	MR. PARESH MEHTA – CHIEF FINANCIAL OFFICER, ASHOKA BUILDCON LIMITED.
MODERATOR:	**MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED.**

Moderator: Ladies and gentlemen, good day and welcome to the Q4FY'23 Earnings Conference Call of Ashoka Buildcon Limited hosted by PhillipCapital (India) Private Limited.

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

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. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Vikram Suryavanshi: Good afternoon and a very warm welcome to everyone. Thank you for being on the call of Ashoka Buildcon Limited.

We are happy to have the Management with us here today for question-and-answer session with the Investment Community. The management is represented by Mr. Satish Parakh – Managing Director, and Mr. Paresh Mehta – Chief Financial Officer. Before we start with the question and answer session, we will have some opening remarks from the management.

Now I hand over the call to Mr. Satish Parakh for opening comments. Over to you, sir.

Satish Parakh: Good afternoon, everyone. I would like to extend a warm welcome to everyone on this Earnings Call for the 4th Quarter and Full Year Ended 31st

March 2023. I have Mr. Paresh Mehta – our CFO and SGA our Investor Relation partner along with me on the call.

During the quarter gone by in March '23 Company along with the North Haven India Infrastructure Fund an India focused infrastructure managed by Morgan Stanley Investment Management Private Limited has entered into a share purchase agreement with Mahanagar Gas Limited to sell its equity stake in its subsidiary Unison Enviro Private Limited (UEPL) for a total consideration of INR 531 crores for 100% stake. The transaction is subject to satisfaction of some customary conditions including approval by Petroleum and Natural Gas Regulatory Board and lenders of UEPL and is expected to be completed by 31st March 2024. Just to reiterate the Company has a 51% stake in Unison Enviro.

Similarly, the Company has earlier entered into SPA with National Investment and Infrastructure Fund (NIIF) for sale of Jaora-Nayagaon BOT Toll Project and Chennai ORR Project. The Company continues to work towards achieving specific conditions precedent as per the respective SPAs.

Now I would like to touch upon the mutual termination of SPA with Galaxy Investments II Private Limited which is an affiliate of KKR. We have been in continuous discussion with Galaxy for achieving the various CPs as per the SPA. However there has been unanticipated delays, based on our discussions with KKR we have mutually reassessed the transaction and then agreed to terminate the SPA without any financial implication to either parties.

I would like to highlight that we have reinitiated the divestment process and are in discussion with various investors and parties. We are also divesting 11 HAM projects and discussions are at an advanced stage. We will keep all of you abreast on the progress of the same.

Today on this call, I would like to clarify regarding the debarment of Company and subsequent cancellation of EPC project on 7th March 2023. We received communication from MoRTH regarding the Company's debarment for 45 days on 25th Jan. We have received the LoA of the EPC project towards Rs. 2,161 crores. Subsequently the authority has annulled the bidding process and has invited a fresh bid for the said project. I would like to highlight that the debarment expired on 15th April 2023 and the Company is eligible to participate in all the bids being called by various authorities including NHAI.

Coming to the order book status:

As on 31st March 2023 order book stands at Rs. 15,805 crores. And as on date it stands at Rs. 18,090 crores including projects awarded after 31st March 2023.

In Road Construction, Company has bagged another award from Ministry of Transport and Bridges, Government of Bangladesh for the project improvement of Baraiyerhat-Heanko-Ramgarh widening and reconstruction of existing pavement for an accepted contract value of USD $80 million.

In Power T&D infrastructure development Company received notification of awards in the State of Maharashtra from Maharashtra State Electricity and Distribution Company (MSEDCL). And in Bihar, from North as well as South Bihar Power Distribution Company Limited for development of distribution of infrastructure for an accepted contract value of INR 2,285 crores and 632 crores respectively.

In Railways Company received Letter of Acceptance from Ministry of Railways for an EPC project in connection with Gwalior-Sheopurkalan GC Project from North Central Railway for accepted contract value of Rs. 285 crores. Let me reiterate that our focus remains on build strong EPC business in segments of Highway, Railways, Power T&D and Buildings and Hybrid Annuity Projects of NHAI.

Our balance order book as on 31st March 2023 is INR 15,805 crores. The breakup of the order book for Roads and Railways projects comprise of Rs. 9,595 crores, which is 61% of the total order book. Among the Road project order book, HAM projects are to the tune of Rs. 1,728 crores and EPC Road projects are worth Rs. 6,318 crores and Railway is around Rs. 1,549 crores. Power T&D and others are going for around Rs. 3,965 crores which is approximately 25% of the total order book. The total EPC building segment is INR 2,221 crores which is 14% of the total order book and EPC work of CGD business compromises of balance Rs. 25 crores.

This is all from my side. I would now request Mr. Paresh Mehta to present the financial performance of Q4 and Full Fiscal Year 2023. Thank you.

Paresh Mehta: Good afternoon to one and all present on this call. The "Result Presentation" and the "Press Release" for the quarter have been uploaded on the Stock Exchange and the Company's website. You must have had an opportunity to go through the same. Here let me introduce that SGA Growth Advisors have been appointed as our IR from this quarter onwards. So, they will be taking care of all the requirements of the investors, information as well as any guidance from the Company's side of course Company also will be available at any time for information.

Now I will present the Financial Results for the 4th Quarter ended March 31, 2023:

Starting with the standalone numbers:

The total income for Q4 FY'23 stood at INR 2,067.9 crores as compared to INR 1,622.7 crores in the corresponding quarter last year registering a growth of 27%.

EBITDA for the quarter was Rs. 174.4 crores with an EBITDA margin of 8.4%. EBITDA margins have been impacted mainly due to inflationary pressure, high competitive bidding in some of the projects.

Profits before tax stands at Rs. 108.7 crores before accounting of exceptional gains of INR 349.2 crores which is on account of reversal of impairments on its investments and loans in its subsidiaries including ACL. The reported PBTis INR 457.8 crores and PAT is INR 434.8 crores. For the Full Fiscal Year 2023, total revenue was INR 6,478 crores up by 35% year-on-year. The EBITDA stood at INR 639.4 crores with the margin of 9.9%.

The profit before tax stands at INR 424.1 crore before accounting for exceptional gains as highlighted earlier. If you recollect during FY'22 we had recognized Rs. 769.6 crores as exceptional expenses on account of impairment of investment loans in subsidiaries including ACL.

Just to elaborate during FY'22 the exceptional expenses of Rs. 769.6 crores pertaining to an impairment of our investments in ACL and measurement of our obligation towards the investors in ACL. However, during for FY'23 we have reversed these impairments on our investments in ACL and also reversed obligation towards investors in ACL due to increase in valuation of ACL, mainly on account of increased cash flow in its HAM project consent to increase in interest receivables on annuity payments. Reported profit after tax for FY'23 stood at INR 671.3 crores.

Coming to the consolidated results:

The total income of Q4 FY'23 grew by 20% year-on-year to INR 2,478 crores as compared to INR 2,057 crores in Q4 FY'22. EBITDA stood at INR Rs. 585.2 crores for Q4 FY'23 with the margin of 23.6%. Reported profit after tax is at INR 335. 2 crores in Q4 FY'23.

For Full Fiscal Year 2023 on consolidated basis, total income was INR 8,235.1 crores up by 34% year-on-year. EBITDA stood at INR 2,103.4 crores and the margin of 25.5%. Reported profit aftertax stood at INR 372.9 crores.

During Q4 FY'23 BOT division recorded a total collection of INR 309.9 crores as against INR 262.6 crores in Q4 FY'22 and INR 291.4 crores in Q3 FY'23. It may be noted here that the year-on-year growth on the five BOT projects where we are have signed an SPA with KKR there the revenues have grown in the last year from Rs. 725 crores to Rs. 910 crores with the 22% jump in revenue. So, the revenue growth has been robust in the past two years.

Coming to debt:

The total consolidated as on 31st March 2023 stood at Rs. 6,895 crores of which project debt was INR 5,819 crores, of which Rs. 2,732 crores stand for the five BOT projects. NCD stood at INR 200 crores at ACL level. The standalone debt is at INR 876 crores which comprises of Rs. 134 crores of equipment loan and Rs. 742 crores of working capital loans.

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

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have the first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: My first question is on the deal which fell through, why there was delay due to NHAI or and wasn't there any scope for renegotiations with the same buyer? And the related question is realistically when do you think the new deal you will be able to close?

Satish Parakh: See this deal we had been negotiating and we had almost taken 15 months. Basically, the biggest project Dankuni was a typical concession agreement where pre-COD condition was not envisaged or mentioned, we are final COD. And the final COD happened very late because of the land acquisition issues in the project. And our contract agreement started two years after final COD. But we were trying with NHAI to get relaxation which they have given to HAM projects. But finally, we could not succeed in that and there also timelines elapsed. So, in this the deal completely got cancelled.

As far as new deal, yes we have already soft launch, the process has started. We have good inquiry. And as Paresh has said, the revenues have also gone in last year we have seen around 22% average growth in the revenues. So, we feel we will be able to close this deal in this year, financial year.

Mohit Kumar: My second question is on this of course the execution wise last year was decent, but EBITDA margins were below par, of course we have asked this question again and again, but Q4 also there was more jump in EBITDA margin compared to Q3. So, realistically based on the current order book, what is the kind of EBITDA margin one should bake in, should be 9% a fair assumption based on the current order book.

Paresh Mehta: So, you are right what we discussed in Q3, the same situation will continue for another Q4 which is visible. And another two to three quarters we believe Q4 margins will correct themselves to the normal margins which we used to declare in the previous years. So, there are certain contracts of low margin which will get executed in this next three quarters. And most of it will get executed and completed then.

Mohit Kumar: So, we expect to get back to 10% post --

Paresh Mehta: Yes, right.

Mohit Kumar: My last question, we are again taking state distribution projects, I understand these are the reform development linked scheme. This is something where working capital has been an issue in the past. Do you think under the new RDSS scheme it is expected to be far better, do you think payments would be more regular? And have you got any comfort from the discounts about the payment?

Satish Parakh: Yes, earlier the 10% payment used to get locked for final completion and even after completion of defect liability we used to get. Here we are going to get on part completion, so the payment terms are a little better than what we used to have earlier.

Mohit Kumar: What is the kind of working capital do you think in six months, last time it was six to eight months was the regular, if I remember correctly, yes.

Paresh Mehta: So, here the working capital would be in the range of 3 to 3.5 months better than that, on an average collection point of view though there will be processes of payment on completion but there will be part payments in-between which will take care of the overall work, kind of a life of the working capital for these projects.

Moderator: Thank you. The next question is from the line of Vasu Gupta from Green Portfolio Private Limited. Please go ahead.

Vasu Gupta: Yes, my question is on the recent order win of Rs. 2,284 crores from MSEDCL. Just wanted to know the management view on the counterparty risk in it since MSEDCL in financial distress and is not able to pay it dues to power generators?

Satish Parakh: Yes, these are 100% funded by PFC, they have a 60% grant and 40% loan being given for this project from PFC. It is completely funded, centrally funded, yes.

Vasu Gupta: So, can you tell me what are the payment terms, any mobilization or advance received for the project?

Satish Parakh: Yes these have mobilization advanced to the tune of 10%. We have not yet received which we will get in may be this month or next month. Earlier they used to pay only 90% till the completion now as you complete the section you will get even for part completion you are going to get your 100% payment and only performance securities which will remain up to different liability period.

Mohit Kumar: My second question is on the investigations of the bribery case, what are the views of the management on it?

Satish Parakh: See this is still, we have yet to receive complete information on this -- just what it was in the last call.

Mohit Kumar: So, the 45 days --

Satish Parakh: The debarment period is over on 15th of April. Now we are able to bid for all the projects.

Mohit Kumar: The negative effect of the debarment will not be in the future?

Satish Parakh: No, and there is no negative impact from the debarment or anybody.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar: So, you said that we are looking to monetize around 11 operational assets that we have so what is the mode of monetization and that we are looking at?

Paresh Mehta: Excuse me, we didn't follow what was that 7?

Nikhil Abhyankar: I said we are looking to monetize our operational assets almost 11 operational assets we have --?

Paresh Mehta: The HAM projects?

Nikhil Abhyankar: So, what will be mode of monetization, that's we are looking at.

Paresh Mehta: It could be a sale to property fund.

Nikhil Abhyankar: And why aren't we looking at something like an InVIT or something?

Paresh Mehta: We believe that we would like to exit 100% and not be an invested party because then you end up holding more than at least 20%, 25% of the equity, continue to hold it for another three years. So, we believe that instead of being a sponsor for InVIT rather than sell it to a fund who intends to create an InVIT and accordingly we are negotiating for the pricing.

Nikhil Abhyankar: And I understand you have mentioned earlier about the margins as well so should we consider that by FY'25 we will be coming back to double digits margins?

Paresh Mehta: Yes sir.

Nikhil Abhyankar: So, around 10%, 11%.

Paresh Mehta: Yes 10% to 11% be in the range of that, definitely.

Nikhil Abhyankar: What is the kind of order inflow guidance that we have for FY'24?

Paresh Mehta: So, FY'24 we will continue to bid for a Road projects definitely and we will try to take up Roads project in the range of Rs. 6,000 to Rs. 8,000 crores for this year, partially in EPC business and partially in HAM projects. And the other sectors also we will continue to bid and try to take orders to the tune of in the Power approximately Rs. 3,000 to Rs. 4,000 crores and other businesses in the range of Rs. 2,000 to Rs. 3,000 crores.

Nikhil Abhyankar: So, in power you mentioned there will be link to RDSS or will this be T&D as well?

Satish Parakh: Basically, RDSS schemes which are centrally funded. We will be working in four sectors basically Roads, Railways, Buildings and Power. So, Roads will be our focused area to bag maximum orders. And HAM would be a preferred road going ahead.

Moderator: Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.

Sanjeev Kumar Damani: My first question is regarding the fact that you have just now said that in three quarters of this year you will be completing the low margin businesses pending orders. So, can I know the quantum that we are targeting to complete in the next three target of the old orders. And can I also know the amount of high margin business that we will execute in three quarters of current year?

Paresh Mehta: I clearly don't have that information in that kind of a format which you are asking for. You could take it offline.

Sanjeev Kumar Damani: Second thing is that our balance sheet is very heavily loaded and there are lot of subsidiaries. I mean is there any thinking of the management to reduce the subsidiaries and make it a single Company for better understanding of the analyst community. Is there any such plan of reducing the subsidiaries in coming days?

Paresh Mehta: So, our asset monetization plan is typically directed towards that. All these subsidiaries which are below our Holding company subsidiary that is ACL, this is what we intend to monetize. So, there are 11 HAM projects under various SPVs which are subsidiary of a subsidiary. And there are six BOT projects, one big annuity project and the CGD business. So, all this we have already put it on the block for monetization and we expect that within a year and so we should be able to clean up, monetize most of it.

Sanjeev Kumar Damani: My last question is regarding the PAT that the time we were negotiating to sell certain projects to monetize those Road projects or some other projects. Now the revenue from the toll collection must have gone up, so do we see that we will be able to better realize the money from same asset now when we are negotiating?

Paresh Mehta: Definitely that's what the trend definitely shows when we did the valuation in 2021, when we signed up a deal with KKR, that time revenues and the growth rates were not looking as positive, but things have changed substantially for the last two years. And definitely we see a better valuation stacking up for these BOT projects.

Moderator: Thank you. The next question is from the line of Riya from Aequitas Investments. Please go ahead.

Riya: My first question is in regard with the debt levels. So, currently we are at around Rs. 6,800 odd crores at consolidated level. So, what are the plans to reduce this, I understand the majority part of it is because of the projects. So, what are the plans in the coming two years, how do we plan to reduce the debt levels?

Paresh Mehta: It's a follow on effect of the monetization of assets. Once we have the assets monetized almost Rs. 6,000 crores of our debt will go of the consol balance sheet. And also once we recognize or get the equity money into the Company, the standalone debt also could be reduced substantially so that the debt levels could be substantially low in the coming two years time.

Riya: I believe that the monetization is completed by the year end, it would take some time to get consummated. So, in FY'24 it seems difficult to reduce the debt levels, is it fair to assume?

Paresh Mehta: So, FY'24, at least on the HAM projects the Chennai ORR project and the Jaora-Nayagaon and KKR. So, the KKR five projects which we had sold to them will come on block two, and there is a good possibility that this could exchange hands. Just to back up the reason being that most of the process be run at NHAI level and at the lenders level were done for the previous deal, now everything is ready for, so we will be in a better position to crunch the timings. And if not FY'24 definitely first half of FY'25 we should see most of the assets, the process over for monetization.

Riya: My second question is in regards with the order book. I understand you said that our growth area would be Roads and we are focusing on Power as well. So, I believe that post elections ordering for Roads would see a little slowdown. So, for the next year where do you see the demand coming from and what kind of pipeline do you see pre- and post-election?

Satish Parakh: The focus on Roads of government pre or post-election would remain same, that is what we understand because there is lot of work being done and there is lot of focus on building good infrastructure. And Railways would be another area which we will catch up. So, these two are going to give major opportunities going ahead.

Riya: And what would be your guidance for order book for FY'24?

Satish Parakh: So, we should cross Rs. 20,000 next year we should open with at least Rs. 20,000 crores plus. So, we are having currently Rs. 18,000, we do work this year -- after delivering that another fresh order of around 8000 to 10,000 we should be able to add.

Riya: And in terms of working capital what changes or what activities are we doing to reduce the working capital?

Paresh Mehta: So, in the light of the growth in the execution, definitely working capital also will grow, requirements will grow. So, today's level approximately would continue with our increase turnover of like we have increased from Rs. 4,000 crore to Rs. 6,000 crore this year and then we expect to grow another at least 25% to 30% every year. So, I think these levels of debt on the working capital side would be there for some time. Subject to monetization of assets probably this would go down, well that will be --

Riya: What was your cost of funding, average cost of funding?

Paresh Shah: So, this would be in the range of weighted average of around 9% to 9.25%.

Riya: So, going forward we assume that our interest cost toward only increase going forward. Is that the right assumption?

Satish Parakh: No, so it should, it has already increased if you see the FY'23 numbers which will continue to remain same because the volume and the interest rates, interest rates we expect to stabilize or probably move south. Volumes if they continue then I think so these interest rates would, the interest amount would continue to be approximately same or slightly go down.

Riya: And we also have an order which I think the government had given it to us but then we were not qualified so it was again put to bid for. So, right now why did we have the disqualification in the first place and what is the current situation there? And do we have any projects from there?

Satish Parakh: See we have explained we were debarred for 45 days because of the Patna bribery case. There is an alleged allegation wherein our employees were implicated in that. So, this 45-debarment period exactly came in between when this agreement was being entered. But they had to debar us and it has gone for reinvitation of the bid which we are eligible to bid now.

Riya: So, we would be L1 there?

Satish Parakh: That's a fair competition will decide.

Riya: And in current pipeline could you specify which all major projects are there?

Satish Parakh: So, currently NHAI is very aggressive in coming up with lot of express ways and four to six lane projects. So, we have a pipeline of around Rs. 72,000 crores. So, we have identified around Rs. 30,000 crores which we will be bidding in by the end of this quarter.

Riya: And in Power and Railways?

Satish Parakh: Power and Railway opportunities are coming in. So, Railways is throwing another Rs. 20,000 crores around. So, we will be participating in various bids of Railways. Power is very unpredictable like most of the states have bid before March so maybe this quarter we may not see much Power activity, but maybe next quarter onwards.

Moderator: Thank you. We have the next question from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: A couple of questions from my side. Firstly, what is the equity commitment for FY'24 and FY'25 for the HAM projects?

Paresh Mehta: So, for the HAM projects which are going to be executed last three or four HAM major projects are which are pending for to be funded for, for FY'23-'24 the amount would be Rs. 113 crores and for FY'24- '25 it would be Rs. 56 crores. So, the total is Rs. 169 crores which will be required for HAM projects.

Anupam Gupta: The second question is of this Rs. 15,800 crore of order book, what number would be under execution at this point of time and what is the balance?

Paresh Mehta: So, most of the projects are under execution except for a few projects on the bidding vertical which are not taken off due to back-to-back funding by the employers. Otherwise, other all projects are in the execution stage.

Anupam Gupta: So, the building, if you can kind of quantify what number and which are the projects which are yet to start off?

Satish Parakh: So, it is basically Maldives project which is around Rs. 1,100 crores it is yet to start. Otherwise all other projects are absolutely on.

Anupam Gupta: And one more question, now this the KKR deal is not happening so what happens to the Rs. 1,200 crore payout which we have to do to SBI Macquarie, will that linked to fresh deal or do you go ahead paying that still?

Paresh Mehta: So, the payment of Rs. 1,200 crores is linked to monetization of asset. So, any asset monetization only will give an opportunity for Macquarie to get its Rs. 1,200 crores. So, both the partners are working towards monetization though the KKR deal has fallen off so we are still looking at alternative potential investors and we believe that as soon as this monetization happened in the next 12 months we should be in a position to give them exit. Basically, there is no talk or intention of giving them an exit without monetization done.

Anupam Gupta: And one last question so the strong 22% toll revenue growth which you have reported, does it have some component of double sort of toll which let's say because of FASTag not being there or this is actual number which is there in terms of revenue --?

Satish Parakh: These are actual numbers yes.

Anupam Gupta: So, this year obviously would have got high toll increase because of the inflation, but next year onwards once the inflation normalizes it should normalize, right you don't expect that to continue for the next year as well, FY'25 --?

Paresh Mehta: Yes, so next year expectation for inflation is around between the range of 5% to 7%. So, keeping the growth in mind I think so we should, it may not be 22% but it will be definitely on the more than 11% to 12%.

Anupam Gupta: So, for this year for deals the five projects what was the toll rate hike broad number?

Paresh Mehta: Approximately for FY'22-'23 it was around 10.5% on the toll rate raise and the balance was yes.

Anupam Gupta: And just one last question what is your revenue guidance for this year?

Paresh Mehta: So, as we suggested based on order book and new orders we would target for a growth of 25% to 30%, we would try to see that.

Satish Parkh: **Guidance would be of 20% to 25%.**

Moderator: Thank you, sir. The next question is from the line of Rikesh Parikh from Rockstud Capital LLP. Please go ahead.

Rikesh Parikh: I wanted to understand on the divestment front whether this Chennai ORR or Jaora-Nayagaon will we face the same kind of problem what we faced with the first deal?

Satish Parakh: See all these projects are at advance stage of getting approvals so we hope we will be able to clear Chennai ORR by September it should be through. And Jaora-Nayagaon will go up to December, because Jaora-Nayagaon was the last project which was signed.

Rikesh Parikh: Because even in the first phase you were suggesting by 1st Quarter of this year we would be able to go through and we were not able to get the approval from the NHAI. So, just wanted to understand do we have the same kind of concern over here in these two deals also?

Satish Parakh: See concerns are there because we have to deal with states. And dealing with state is little slow, the whole mechanism is very slow. So, we are taking little time, but we think we will go through all this.

Rikesh Parikh: And as you just said previously in the question you suggested that the exit to Macquarie is dependent upon the deal getting closed. So, hypothetically assuming these two deals get closed so would it mean that we will have to make payout of partial exit to them?

Paresh Mehta: So, whatever cash comes in, we would like to pay them off and I mean that's how it will happen, so Chennai ORR and Jaora-Nayagaon will give that much cash by December end we will pay them off and we stacks up to 1200 plus so then we will pay them off.

Rikesh Parikh: Means that revised IRR between the Macquarie the deal at Rs. 1,200 crores so does the same amount stands true or we have to pay more since there is a lapse of time.

Paresh Mehta: So, the understanding if we get the carry on the monetization of assets we will pass part of it to them. So, they will get some kind of an additional amount based on whatever we get so typically it would be in the range of 8% around.

Moderator: Thank you. The next question is from the line of Anant Mundra from Mytemple Capital Advisors LLP. Please go ahead.

Anant Mundra: My question is around the exit that we are obligated to give towards SBI, Macquarie, so initially before we had closed the deal, I think the amount was more Rs. 1,500 crores the deal with KKR, then it was renegotiated to Rs. 1,200 crores. Now that the deal is off I just want to be sure that the numbers still remain Rs. 1,200 crores, right there is no scope for renegotiations here, is that assumption correct?

Paresh Mehta: So, as I explained just now it will be Rs. 1,200 crores plus any carry, the understanding then also was that Rs. 1,200 crores plus any carry which we get from monetization would be passed to them based on their Rs. 1,200 crores investment. So, that kind of understanding has been reached to say approximately 8% which will be paid to them based on what we get from the monetization process.

Anant Mundra: From the monetization of only the BOT assets whatever carry we get or any kind of monetization?

Paresh Mehta: BOT or HAM, yes it's ACL bucket.

Anant Mundra: So, there is 8% basically carrying cost on whatever the --

Paresh Mehta: It could be yes in the range.

Anant Mundra: NHAI premium, on the liability side there is an NHAI premium and then NHAI deferred payment liabilities on the five BOT assets when we see that balance sheet, how much would that figure be at the end of March '23 for these five projects?

Paresh Mehta: So, there is only two major projects where deferment premium has happened one is the Dankuni project and Belgaum project. I think the total default premium there is in the range of approximately Rs. 700 odd crores. I will come back to you offline on exact amount.

Anant Mundra: Because there has been a very good jump up in toll revenues in March '23 for these five assets, do we expect to continue providing funding support to these five BOT projects or now all of them will be self-sufficient?

Paresh Mehta: No, except for Sambalpur all others are self-sufficient. Sambalpur will still need support though they already have a, ICE recommendation for increase in concession period by six years which will take care of the projects IRR. But in the short term they will require cash still, other projects could be self-sufficient.

Anant Mundra: And my final question is on two subsidiaries namely I think Viva Highways and Viva Infrastructure, they are holding a lot of land bank, right. So, are there any, I mean is there some plans to monetize this for some kind of development that we plan to do ourselves on these land assets that are there in these two subsidiaries.

Paresh Mehta: So, we are looking at opportunities wherever it is possible we would like to do that, but at the right opportunity and time we will definitely monetize that, preferably through direct sale or a joint development process.

Anant Mundra: So, these lands are majorly in Nashik, which geography are they in?

Paresh Mehta: They would be at Nashik, Pune and maybe in the MP on the highway at Indore-Edelabad which we owned some time back.

Anant Mundra: And what is the book value of these land parcels that we hold?

Paresh Mehta: I think it would be around Rs. 270 odd crore.

Moderator: Thank you. The next question is from the line of Vasudev from Nuvama. Please go ahead.

Vasudev: I just had one question if we look at our standalone balance sheet of capital work in progress has gone up substantially in FY'23 so what is the reason for that? And how much CAPEX do we plan to do in FY'24?

Paresh Mehta: So, we did a CAPEX of Rs. 81 crores last year. And in this coming year the CAPEX will be in the range of another Rs. 80 to Rs. 90 crores.

Vasudev: If we see our CWIP as on and FY'22 was 17 odd crores.

Paresh Mehta: Yes so that will be capitalized, these are for the new projects which we have started in the Kerala project, so accordingly that will immediately put to use and we will capitalize; major CAPEX required is for couple of these projects like the Kerala project.

Moderator: Thank you. The next question is from the line of Nikhil Kanodia from HDFC Securities Limited. Please go ahead.

Nikhil Kanodia: So, if I heard correctly that in the bid pipeline is around Rs. 72,000 crores, right.

Paresh Mehta: Right.

Nikhil Kanodia: And on the MGL deal so when do you expect to get that deal to conclude?

Paresh Mehta: Which deal, sir?

Nikhil Kanodia: MGL deal.

Paresh Mehta: MGL deal, by October/November we should be able to close it.

Nikhil Kanodia: And with all these three-deal expected to be completed in this year, what is the kind of cash that we are expecting in this year and the balance payment of the cash what would be the breakup?

Paresh Mehta: So, see approximately Rs. 450 crores in Chennai ORR project, around net 300 crores in Jaora-Nayagaon project, and Rs. 260 crores in the MGL deal, so that's the immediate cash will come in. Then there are HAM projects.

Nikhil Kanodia: This is end of FY'24, right.

Paresh Mehta: FY'23-'24 yes.

Nikhil Kanodia: And any spillover in the next financial year like what sort of amount of are we expecting in the next financial year from this deal?

Paresh Mehta: No this will complete the deals as far as these three projects are concerned.

Nikhil Kanodia: And on your margin front I understand that you mentioned that for the first two or three quarters you would be executing the lower margin project. And in the Q4 you are expecting the margins to normalize. So, on an annual basis, if you were to give any guidance on a blended level, so what sort of number could we assume.

Paresh Mehta: I think it will in the range of -- between the range of 8.75% to 9.25%.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial Limited, please go ahead.

Vaibhav Shah: Have we removed any building order in this quarter, last quarter your backlog was around Rs. 3,000 crores and this quarter it is around Rs. 2,200 crores.

Satish Parakh: Yes Grand Port Hospital is what we have removed from the order book.

Vaibhav Shah: So, the Zodiac Hospital.

Satish Parakh: Grand Port Hospital in Mumbai, that order was not starting only so that has been deleted by mutual understanding with the owners.

Vaibhav Shah: And value would be somewhere around Rs. 600 crore.

Satish Parakh: Rs. 600 crores, right exactly.

Vaibhav Shah: Secondly what would be the current debt in the five BOT assets that was supposed to be sold to KKR?

Paresh Mehta: That would be Rs. 2,700 crores.

Vaibhav Shah: And what would be the funding that would be, doing expected in Sambalpur asset for FY'24?

Paresh Mehta: Around Rs. 60 crores to Rs. 70 crores.

Vaibhav Shah: And what was the same number for FY'23?

Paresh Mehta: Almost, slightly lower but almost similar number.

Moderator: Thank you. We have the next question from the line of Saif Gujar from ICICI Prudential AMC. Please go ahead.

Saif Gujar: My first question is on the Bangladesh order, this $80 million project, so who is funding that, what type of pass-through agreements that they have here, when will the execution is expected to start and whether we have all approvals at place for this?

Satish Parakh: Yes, here all approvals are in place. Work has already started. And this is a completely Exim Bank funded project.

Saif Gujar: And what type of pass through we have here, in terms of some cost escalation or something or it is a fixed cost agreement.

Satish Parakh: It is a fixed price contract.

Saif Gujar: And we are not hedged for FX or something, right. So, it is a fixed cost the USD $80 million is fixed.

Satish Parakh: Yes, only advantage of what we got is appreciation in the dollars.

Saif Gujar: And my second question if we have other overseas projects so any further update on those, anything which we can expect to start any movement seen?

Satish Parakh: Guyana has already started now; we have almost completed 6% of the work. And now there is a monsoon there so post monsoon maybe after two months that will pick up and move fast. Maldives, we are yet to start, so we are still hoping for clearance from Exim Bank, this was a buyers credit project a different nature of project which requires approval from Exim Bank, particularly from insurance point of view. So, this we are expecting maybe next quarter we should get.

Saif Gujar: So, the question is regarding the debt structure, how is it, it is fixed, floating whether it is linked to repo rate or bank rate, how is it?

Paresh Mehta: So, in the working capital side almost everything is for floating, with certain debt linked to what we call bank rates- repo rate. And on the toll projects or the HAM projects, few projects are linked to repo rate and otherwise most are linked to MCLR three months or six months MCLR.

Moderator: Thank you. We have the next question from the line of Prem Khurana from Anand Rathi Shares. Please go ahead.

Prem Khurana: My question was with respect to the KKR transaction which fell through, just want to understand, I mean I think in your comments you said the deal did not go through because you couldn't have approval from NHAI because there was some issue with the concession agreement for Dankuni in terms of COD and pre-COD issue. Given the fact that the planning and recommence our efforts for these assets and again I am assuming in Dankuni since it's a large project, it will still be a part of the transaction. So, do we have that comfort now, have we been kind of made to believe by NHAI that this time around you will get to have it and the concession would be changed according and then we can go ahead with the transaction.

Satish Parakh: See this time what happens two years get completed on August 2023. So, anyway post operative issue doesn't remain. So, we are very sure that we will be able to close this getting NOCs in time.

Prem Khurana: But I mean if that is the case, I mean KKR could have stayed back for another few months, I mean they waited for this transaction all this while and you cancelled it in the month of May and the August is I mean by when you would be able to have it even without change in the concession so we couldn't convince them to stay back for another two to three months?

Paresh Mehta: I think see it is more also related to their fund life, that's what we gather. So, there also fund life was ending August, that's what I understand. So, that would be too close I mean my permissions would have started by August and we would have got it by say September end or October. In the new set of deals, we will be able to pull it through once our negotiations are over and the NOCs will fall in line along with the August dates.

Prem Khurana: Second question was, so when I look at the balance sheet it seems that the SBI Macquarie payout which was around Rs. 1200 crore it has gone to Rs. 1272 crore now, am I right in my reading?

Paresh Mehta: Correct, as I explained just now 8% carry which we have calculated from 1st July 22.

Prem Khurana: If you could help us with revenue breakup for the quarter plus and in terms of segments Road, EPC and Railway and other verticals?

Paresh Mehta: You want it for the quarter?

Prem Khurana: Yes the quarter

Paresh Mehta: So, on the EPC Roads it was Rs. 1410 crores, on the Power front it was Rs. 222 crores, on the Railway front Rs. 163 crores and balance approximately including all smart infra building all put together around Rs. 190 crores.

Prem Khurana: How much would be CGD and how much be sale of --?

Paresh Mehta: CGD would be small, around say Rs. 8 crores.

Prem Khurana: We also had the sale of RMC so how much would that be?

Paresh Mehta: Sale of RMC would be Rs. 56 crores. This is above what I said Rs. 190 crores. So, RMC is over and above Rs. 190 crores so Rs. 56 crore is on RMC.

Prem Khurana: CGD is a part of that Rs. 190 crore right?

Paresh Mehta: Yes.

Moderator: Thank you. The next question is from the line of Ash Shah from Elara Capital. Please go ahead.

Ash Shah: Can you give the revenue breakup for FY23 as well?

Paresh Mehta: For FY'23 Road is Rs. 4,393 crores, Power is Rs. 675 crores, Railway is Rs. 640 crores, CGD is Rs. 51 crores, RMC is Rs. 217 crores and other verticals Rs. 380 crores.

Ash Shah: Also how much have we invested in the CGD business till now?

Paresh Mehta: CGD business Rs. 67 crores.

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

Bharani Vijay Kumar: Can you refresh a bit on the Chennai ORR and Jaora Nayagaon project total value for us and how we get to say Rs. 450 and Rs. 300 for Jaora Nayagaon?

Paresh Mehta: So, on the Chennai ORR the total value which we will get is approximately Rs. 650 crores of which Rs. 450, the Rs. 650 crores includes debt given by ABL to the SPV that is shareholder's loan,so Ashoka Buildcon will Rs. 450 crores out of that monetization. And in the Jaora Nayagaon project, Ashoka Buildcon will get approximately Rs. 500 odd crores of which Rs. 180 crores is already drawn by Ashoka Buildcon from the SPV in the past so net receipt would be around Rs. 300 crores.

Bharani Vijay Kumar: And the Mahanagar deal it will be full 50% on the total deal value?

Paresh Mehta: FY31 so 51% of Rs. 531 --

Bharani Vijay Kumar: And coming to the Dankuni project COD which is the reason why the deal got cancelled so just can you let me understand how this project, because it's been operational for quite some times so how is this pre-COD and COD it's been delayed for so long?

Satish Parakh: See we had pre-COD long back around 8 years back, but COD was delayed because some of the underpasses could not be carried out, because of land acquisition issues. And this particular project pre-COD provision is not there. So, commercial operation actually started from Day 1 this was a 4 to 6 lane project. We could get COD only on completion of all the underpasses they finally could give us. And technically since only COD condition was there, 2 years from COD is the timeline which they have to adhere to, for which we tried for relaxation through various forums but we could not achieve that.

Bharani Vijay Kumar: So, if I understand right the project has been collecting toll and been in operation for 8 years, but we have not been able to get final COD because of land acquisition for these underpasses?

Satish Parakh: Correct, so it has nothing to do with the revenues part. Revenues we were getting full from Day 1, we got our revisions of toll in time, but the technical issue of getting project completion. –

Bharani Vijay Kumar: That will now be obtained in August of 2023?

Satish Parakh: The COD we already got and two years will be complete by August 23. So, in August 21 we got the final COD, so two years from that date is August 23 after which they can permit us to sell our shares.

Bharani Vijay Kumar: But isn't it one year now, the new norms for BOT projects?

Satish Parakh: New norms for year those who are for model concession agreement, this was an agreement before that so that correct again was to be done which was in the process and could not be done.

Moderator: Thank you. The next question is from the line of Akhilesh B an Individual Investor. Please go ahead.

Akhilesh B: What is the status of the project with NTPC?

Satish Parakh: See NTPC almost entire land acquisition and possession part of the land is yet to be transferred to NTPC, all the pre-work which has to be carried out like doing pilling and putting up the entire structures, doing the entire cabelling, 90% of it is over. And only ordering of modules for which we have given the LOA and we are yet to finalize on the PO of the modules which we would do in the month of June or July. And we have an extension up to 2024 without any penalty to us.

Akhilesh B: And now do you anticipate any loss to us on the modules?

Satish Parakh: Yes, in the given extensions we are negotiating for price variation with them, if we get price variation then there won't be any loss, if we do not get price variation, only on the ordering of module we will be able to identify what exact loss we need to book. But the prices have substantially corrected from the peak and we expect them to by June or July, they should come to our expected levels.

Akhilesh B: Just want to reconfirm a couple of things you mentioned that the funding support to these BOT projects is only to Sambalpur and there is Rs. 60 to Rs. 70 crores that you expect in FY'25 is that right?

Satish Parakh: Right.

Akhilesh B: And these deferred NHAI premium on these five projects is only around Rs. 700 crores in total?

Paresh Mehta: Yes, I will confirm that but that's what, I don't have that number off hand but approximately that.

Satish Parakh: Yes Rs. 750 crores to be exact.

Akhilesh B: You suggested that you were expecting a better valuation this time around for these BOT assets compared to what we signed in FY'21, is that right?

Paresh Mehta: Yes, definitely I mean seeing the revenues stacking more then what was considered at the time of valuation when it was given in FY'21, there is the model would be running in the same way definitely through a substantially large variation to Rs 1,337 crore. In fact Rs 1,337 crore two years have passed of fy'21 valuation now it will become FY'23 or FY'24 also, so that kind of a yearly increase will definitely happen and based on the traffic incremental and even WPI way more than which was there in the past say three or four years back valuation should be substantially better.

Akhilesh B: My last question is on the HAM disinvestment; do you expect to close something by the end of Q1 or will it take much longer?

Paresh Mehta: So, we expect to sign the SPA, we are working on the SPA with potential investors, trying to close it. And try to do it as early as possible giving a timeframe of around 8 weeks time maximum. And then work on the projects which are already pre-COD done and 6 months are over, when the permission is available, it can be giving by NHAI.

Akhilesh B: So, we could avoid the issues like we had in the KKR transaction in terms of --?

Paresh Mehta: Here the SOPs of NHAI are quite clear and simple so and there is not much issue, there is not long drawn issues also in these transactions, these are hardly two years hold projects so issues and the NOC should be given faster.

Akhilesh B: So, these would be comparatively much more straightforward.

Paresh Mehta: Yes.

Moderator: Thank you. The next question is from the line of Ash Shah from Elara Capital. Please go ahead.

Ash Shah: Can you just repeat the order inflow guidance for FY24?

Satish Parakh: Yes so in the Road sector we expect around 5,000 to 7,000 then others like Railways and Power and the Buildings on the 2,000 to 3,000. So, we expect around 8,000 to 10,000 should be what we should be able to clock this year.

Moderator: Thank you. The next question is from the line of Hari Kumar, an individual investor. Please go ahead.

Hari Kumar: First question is regarding the interest of Rs. 1,100 crores on consolidated debt of Rs. 6,900 crores like are we paying higher rate of interest or any other reason is there for these high rates? Also, a related question is there any interest that is being capitalized in the books?

Paresh Mehta: So, the asset is, there is IND-AS policy which is being adopted for amortizing the asset and providing of the interest. So, the interest rate is in the range of, as I said in the range of 9% to 10% for the term-loan assets, like BOT assets and HAM assets are lower.

Hari Kumar: Is there any other debt than this Rs. 6,900 crores because we are paying Rs. 1,100 crores of interest?

Paresh Mehta: Give me some time, I will come back.

Hari Kumar: Second question is on the impairment which we have written back like once we resell it again we have like for the impairments again?

Paresh Mehta: So, the moment of impairment was created by the reduction in the interest rate regime in the HAM projects two years back, that is 2021 and due to that valuations of HAM projects got impaired. Due to the increase in interest rates in the past 8 months, these valuations have been restated and whatever impairment was taken then has been reversed.

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

Paresh Mehta: We thank all the investors who have joined this call. I know there are a couple of queries which you would be left, we are free to answer them once on an offline basis. The details of contacts are given in our presentations, so we are available to give any replies. And thanks again for joining the call.

Moderator: Thank you very much sir. On behalf of PhillipCapital (India) Private Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.