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.

August 21, 2024

Sub: Call Transcript

Please find enclosed herewith the copy of transcript of the Earnings Call held on August 16, 2024 in respect of Unaudited Standalone and Consolidated Financial Results for the quarter ended June 30, 2024.

Kindly take the matter on your record.

Thanking you,

For **Ashoka Buildcon Limited**

Manoj Achyut Kulkarni

Digitally signed by Manoj Achyut Kulkarni
Date: 2024.08.21 17:29:43 +05'30'

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

"Ashoka Buildcon Limited

Q1 FY '25 Earnings Conference Call"

August 16, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 16th August, 2024 will prevail.

MANAGEMENT: **MR. SATISH PARAKH – MANAGING DIRECTOR – ASHOKA BUILDCON LIMITED**
MR. PARESH MEHTA – CHIEF FINANCIAL OFFICER – ASHOKA BUILDCON LIMITED
MR. PEEYUSH JAIN, ASSISTANT VICE PRESIDENT, ACCOUNTS AND TAXATION – ASHOKA BUILDCON LIMITED

MODERATOR: **MS. JYOTI GUPTA – NIRMAL BANG EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Ashoka Buildcon Limited Q1 FY '25 Earnings Conference Call, hosted by Nirmal Bang Equities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jyoti Gupta from Nirmal Bang Equities. Thank you, and over to you, ma'am.

Jyoti Gupta: Hello, everyone. On behalf of Nirmal Bang Institutional Equities, I welcome you all to the Ashoka Buildcon Limited Q1 FY '25 Earnings Conference Call. We have with us Mr. Satish Parakh, Managing Director; Mr. Paresh Mehta, Chief Financial Officer; and Mr. Peeyush Jain, Assistant Vice President, Accounts and Taxation.

Without further ado, I request Mr. Satish Parakh sir to start with his opening comments, after which we can open the floor for questions and answers. Thank you, and over to you, sir.

Note: Due to technical issues, there are several inaudible words / lines during opening commentary / speech. The same has been added / edited for better clarity.

Satish Parakh: Thank you. Good afternoon, everyone. Hope everyone is doing well. On behalf of Ashoka Buildcon Limited, I extend a warm welcome to everyone joining us today to discuss our business and financial results for the quarter ended 30 June 2024. On this call, we are joined with our CFO, Mr. Paresh Mehta; our Vice President, Mr. Peeyush Jain; and SGA, our Investor Relations Advisor.

Let me begin by giving an industry overview. India's road infrastructure has undergone significant development with constant focus on improving overall connectivity while also establishing critical links even in geographically challenging regions. As a priority sector for the center, the sector had witnessed ambitious highway construction targets, rapid execution to support this target by efforts to constantly maintain a favourable policy regime for all stakeholders. During the last quarter, the highway construction has slowed down significantly due to elections and delay in land acquisition approvals. The government has set a provisional target of constructing 10,421 km of national highways for 2024-25, 15% lower than '23, '24 achievements.

Moderator: Satish sir, sorry to interrupt. Your voice is lagging a lot. Should we reconnect your line?

Satish Parakh: From April to June Q12024-25, 1,924 kilometers of highway were constructed compared to 2,250 km during the same period last year. The general election of 2024 has diverted district authorities focus impacting construction pace. NHAI has plans to offer around 15 road projects worth INR44,000 crores, spanning 900 kilometers for bid under BOT mode during

2024-25. These projects are part of Centre's plan to offer 53 projects worth INR2.2 trillion, covering 5,200 kilometers, under BOT mode over the next three to five years.

Recently, the government amended the model Concession Agreement to make the model more attractive. NHAI has announced plans to monetize around 2.4 billion worth of road projects through InvIT to reduce substantial debt and aims at leverage assets to repay loans on projects funds of the company. The company has received Completion Certificate with effect from April 2024 for its hybrid annuity model project of National Highways of India, Eight Lane of Vadodara Kim Expressway. The Project is executed by Ashoka Ankleshwar Manubar Expressway Private Limited (SPV), a Wholly Owned Subsidiary of Ashoka Concessions Limited, a Subsidiary of the Company. Further to inform that the SPV has been receiving Annuity amount for 11.25 KMs from NHAI already.

The company is in receipt of Completion Certificate of its hybrid annuity mode project of NHAI for the designing, engineering, and financing for NH-161 from Kandi to Ramsanpalle in the State of Telangana. The Project is executed by Ashoka Kandi Ramsanpalle Road Private Limited (SPV), a Wholly Owned Subsidiary of the Company. SPV has received a Certificate for completion of entire Project stretch of 39.980 KMs. Consequent to this, the SPV will receive annuity for entire stretch of 39.980 KMs

Moderator: Mr. Satish sir, you're not audible.

Satish Parakh: The company has emerged as the lowest bidder for two EPC projects of Maharashtra state Development Corporation Ltd in June 2024, first one for Construction of Major Bridge across Jaigad Creek between Tawsal and Jaigad on Revas Reddi Coastal Highway in Ratnagiri District on EPC Mode for Rs.794.85 Crores and Construction of Major Bridge across Kundalika Creek between Revdanda to Salav on Revas Reddi Coastal Highway in Ratnagiri District for Rs.1,357.87 Crores The company has also emerged as the lowest Bidder for two other EPC Projects of the MMRDA , Proposal for Design and Construction of Creek Bridge from Kolshet to Kalher for Rs.289.60 Crores and Proposal for Design and Construction of Creek Bridge from Gaimukh to Payegaon for Rs.991.20 Crores. The Company has executed another EPC Agreement for a Project in the Ivory Coast in 2024, with Serneke International Group AB, Sweden, for the Project floated by Baran International Limited for construction of 100 drinking water wells and supply and installation of drinking water supply unit in 35 villages of Ivory Coast. The project to be completed by October 31, 2026. The bid price is Euros 18.50 million.

Satish Parakh: **On the Asset Monetization part,** The Company and its subsidiary, Ashoka Concessions Limited, are making progress towards divestment of the entire stake and specific subsidiary data awarded by NHAI for the construction and operation of both projects on HAM. Considering the high likelihood that the sale will be finalized within the following twelve months, these completed projects assets and liabilities continue to be classified as held for sale.

Coming to the order book status, as on 30 June 2024, our balance order book stands at INR10,356 crores. This is excluding the projects where we are L1 of INR3,434 crores. If we add that then it becomes INR13,800 crores.

The breakup of order book is for roads and railways projects, it comprises of INR5,316 crores which is 52% of the total order book. Among the road projects order book, HAM road projects are to the tune of INR9,031 crores and EPC road projects are INR3,694 crores. Railway is around INR691 crores. Power T&D accounts for around INR4,424 crores, which is approximately 42% on the total order book. The total EPC Building segment is INR 617 crores, which is 6% of the total order book of These order book numbers are excluding L1 Projects of INR3,434 crores.

To conclude, let me say this again that our primary focus remains on maintaining sustainable EPC business segment encompassing highways, railways, power transmission, distribution, buildings and waterways.

This is all from my side. I will now request Peeyush Jain to present the financial performance. Thank you.

Peeyush Jain: Thank you, sir. Good afternoon to all. Results and investor presentation and press release has been uploaded on the stock exchange and company website. I'm sure you must have had the time to go through it. I will present the financial results of the quarter and previous quarters.

Starting with the stand-alone numbers for Q1 financial year '25. The total income for Q1 financial year '25 stood at INR1,901 crores as compared to INR1,557 crores in quarter 1 '24, registering a growth of 22%. EBITDA for the quarter stood at INR145 crores, a growth of 52% year-on-year, with EBITDA margins of 7.6%. PAT grew by 148% year-on-year to INR41 crores.

Our revenue contributed for each segment for Q1 FY '25 is as follows. Road EPC contributed 43%, Road HAM contributed 10%, and EPC Power contributed 31%, railway stood at 10%. For other building EPCs and other segments, it's around 5%. Our standalone debt-to-equity ratio stood at 0.5%, as on 30th June '24.

Coming to consolidated results. The total income for Q1 FY '25 stood at INR2,495 crores as compared to INR1,973 crores for Q1 FY '24, registering a growth of 26%. EBITDA for the quarter stood at INR628 crores, a growth of 23% year-on-year. PAT grew by 156% year-on-year to INR158 crores.

The total consolidated debt as on 30th June stood at INR7,183 crores, which constitutes stand-alone debt of INR1,410 crores, which comprises INR114 crores for equipment and term loans and INR1,296 crores for working capital. Towards our BOT division, during the Q1 '25, we recorded a gross collection of INR321 crores as against INR307 crores for Q1 '24, recording growth of 4.8%.

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

Moderator: We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: My first question is on the margins. Margins in this first quarter was 7.6%, I think, excluding other income. Do you think that we'll improve the margins in the balance of the quarter? And what will be our target EBITDA margin by end of -- for the fiscal year of '25? And can I expect the improvement in FY '26?

Peeyush Jain: So practically, we are around in the range of 7% to 8%. And hopefully, for the next 2 quarters, it would be in the same lines. And this is the new order book that is there in the pipeline and which is already where we are L1. We feel that from third and fourth quarter onwards, we should be in the range of around 9% to 10%.

Mohit Kumar: That's a tie. And what is the full year target listed for -- what is your aspiration level to go to the margin? Margins have declined from 12% to, I think, 7%, has been massive decline in the past few years.

Peeyush Jain: So practically, we had been at around 10% to 12%. And as we discussed in the last quarter, we'll be at around 8%. So hopefully, this range of 8% would be there for a quarter or so, and then we'll be at 10%, 12%. This is majorly because of the some projects which we have bagged post-COVID and also we have entered into the new segments as well.

Mohit Kumar: Understood. My second question is on the order expectations for the entire fiscal, of course, the elections are over now. Are you seeing that there is a momentum in the tender pipeline? Are you seeing enough tenders out there which gives you some confidence that the spending for the road sector will be very high in this particular fiscal? Last year was pretty bad. Last year there were hardly any in your tendering, that's the reason I'm asking.

Moderator: Mr. Mohit, does that answer your question?

Mohit Kumar: No. I think I asked the second question, right? Just asked the question. Can you hear me? Am I audible?

Peeyush Jain: Yes, it's regarding the order book intake that you are...

Mohit Kumar: My question was more on the NHAI pipeline, how are you seeing that, how do you think -- because last year was pretty bad, and are you expecting this -- how the things are -- how the tender pipeline looking like at this point of time? And for some comment on the BOT would be helpful.

Peeyush Jain: So total bid proposed pipeline is considering NHAI and other MOD projects to the tune of 3,700 kilometers and would be at around INR93,000 crores. And the ABL pipeline would be -- drops off to INR78 crores out of that, with a length of 2,400 kilometers.

Mohit Kumar: Understood. And how is the new BOT document of new MCA differs from the earlier document. How is it better?

Peeyush Jain: I could not hear it clearly. Can you please repeat?

Mohit Kumar: I just spoke about the current MCA document, Model Concession Agreement is better than the earlier document. I'm asking that, what are the improvements which have happened in the current document compared to the past?

Peeyush Jain: This is per BOT?

Satish Parakh: Could you just repeat the question?

Mohit Kumar: Sir, my question is on the Model Concession Agreement where you just mentioned that there has been -- there's a new Model Concession Agreement which has been finalized but for the BOT, how this is better for the developers now compared to the past?

Satish Parakh: No, we'll come on this one-to-one call.. It will take longer and since I'm traveling it's on and off the cuttings.

Mohit Kumar: Sure. No issues, sir. I will take it offline. Thank you for answering my question.

Moderator: Thank you. The next question is from the line of Ashish Shah from HDFC AMC. Please go ahead.

Ashish Shah: May I request you to update on the status of the monetization that we had planned? One on the HAM side and the other on the BOT asset side. Where are we on those two processes?

Satish Parakh: So both these processes are at very good advanced stage and maybe in a month's time we'll be entering into SHA and then, of course, NOC process will take some time.

Ashish Shah: Okay. And there was also a plan to -- an earlier announcement of monetizing the other assets of Jaora-Nayagaon and also of Chennai ORR. So again, what's the update on that?

Satish Parakh: Those are under discussions and it may take a little longer time for monetization of these two assets.

Ashish Shah: Okay. But in the meantime, you think the ACL BOT assets and the HAM assets, that can certainly be...

Satish Parakh: Yes. Those are in advanced stage of discussions and we are very much in the range of signing SHA.

Ashish Shah: Sure. Could you update, sir, what's the standalone debt I missed that number. What is the standalone debt for the quarter? And why has that working capital been consistently going up? I mean over the last few years I think it's gone up substantially. So what are the main reasons for this increase in working capital and what are we thinking about it? How can it be brought down?

Peeyush Jain: So standalone debt as at 30th June is INR1,410 crores and this mainly comprises of working capital requirement loans that we have raised. It's mainly on account of the mix of projects that we have and mainly contributed by the increased turnover that we have over the last 2, 3 quarters and basis that there is an increase in working capital loans and some increase in the quarter is on account of payment of entities that we had at ACL level, that has been fully repaid now.

Ashish Shah: Okay. So the INR200-odd crores of NCDs at ACL has been completely...

Peeyush Jain: Yes, It was INR250 crores originally and had been fully repaid in the range of INR100 crores in the quarter.

Ashish Shah: In this quarter, about INR100 crores.

Peeyush Jain: Yes.

Ashish Shah: But in this overall profile of working capital, you think this is the stable level of working capital as the company could have. There's nothing particular that you think was wrong and can come down in the quarters?

Peeyush Jain: No. It would go down because we are executing the projects which require working capital. So as to have a material which is required for a longer period of the project. We have a bridge project so there we need centering material and that requires more capital -- working capital.

Ashish Shah: Okay. But nothing on the side of electrification projects where working capital could be higher?

Peeyush Jain: Yes. Electrification projects also require working capital, but it gets settled on the basis of the billing period schedule and cycle and we get sometimes mobilization advance also. So practically, it will get settled because once we are in the mid or at the end of the execution of the project we should get the realization of that amount initially invested in for the working capital.

Ashish Shah: Right. And just last thing from me, the L1 position that we have by when do we expect this to be converted into a firm order?

Satish Parakh: Yes, we are expecting this around 15th of September.

Ashish Shah: Sure. But you don't see any risk of cancellation or anything of this L1 position?

Satish Parakh: As of now, there is nothing such. They have been awarding in the past so I think it should go.

Ashish Shah: Right sir. Okay. Thank you.

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

Vaibhav Shah: Sir, in first quarter EBITDA margin was around 6.5% in spite of due to other income. So what will be the guidance for the margins after excluding the other income? So your guidance was including other income or excluding other income for the remainder including around 8% for 2Q and 9% to 10% for the second half?

Peeyush Jain: So definitely, it's excluding other income. And if you see in the last quarter, we are in the range of around 7% to 8%. So it should be in lines to that. Sometimes there are 0.5% plus/minus is there on account of certain project closure and certain impacts.

Vaibhav Shah: So second half should be around 9% to 10%, right?

Peeyush Jain: Yes.

Vaibhav Shah: And what will the number same for FY '26?

Peeyush Jain: So considering the current L1 status and the projects that we'll be executing in coming years down the line and the robust order book that we have, so we are able to recoup some of the overheads and we feel that it should be in the lines of around 10%, 11%, and then should retain the same.

Vaibhav Shah: Sir, I missed the initial remarks. Can you repeat the guidance in terms of revenue and order inflow for '25 and '26?

Peeyush Jain: So as far as revenue is concerned, we should be around 15%, 20% growth.

Vaibhav Shah: For '25?

Peeyush Jain: Yes, around 20%.

Vaibhav Shah: And order inflow?

Peeyush Jain: Order inflows should be -- we are already at INR3,400 crores for quarter 1 and would expect signing of the same in coming quarters. So on the same line, we should be having around INR10 crores to INR12 crores addition in the year.

Vaibhav Shah: INR10,000 crores to INR12,000 crores for FY '25?

Satish Parakh: Right.

Vaibhav Shah: Okay. Thank you sir.

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

Akhilesh: Sir, I have 2 questions. First one is we have recently appointed somebody as the head over water vertical. So I wanted to know more what are our plans for this vertical, how big we think it can become, and what is the margin profile in the segment?

Satish Parakh: So this vertical we are executing 1 project in India, 1 water project we are executing in Ivory Coast? And we are participating in other projects. As we build qualification, this vertical also will be part of our full range EPC segment.

Akhilesh: And how is the margin profile, sir, in this vertical? And can you...

Satish Parakh: Margins would be more or less same as all other EPC businesses.

Akhilesh: So around 10%.

Satish Parakh: Yes.

Akhilesh: Okay. And it can be may be 10% of our order book going ahead once you get more and more clarification from the system water projects

Satish Parakh: Yes. Now, slowly we are building the vertical. So it should be 15% to 20% of our entire business, maybe 2 years down the line.

Akhilesh: And sir, second question is on this asset monetization. So as we know that it's been dragging for a while. So I just want to understand whether we are not happy with the bids that we are getting, or is there some defect in the paperwork still? How close are we to actually concluding something there?

Satish Parakh: So paperwork and getting all the SHA agreements done has taken a little more time. But it's now in the shooting range, and will be through very soon.

Akhilesh: So have you finalized something with somebody? I mean basically, most of the investors would...

Satish Parakh: Yes. These are done

Akhilesh: Okay.

Satish Parakh: Very soon we'll be announcing that.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi.

Prem Khurana: My first question was related to our recent order in Ivory Coast. So we have been talking about international opportunities. Currently, those are around 10-odd percent of our total order backlog. Would you be able to share I mean where do you see this number in 3, 4 years? Is there an in between, India was a was little slows in terms of orders which is why you've gone to Ivory or do you keep on exploring new markets and irrespective whether India is store you have enough opportunity here? I mean what are the plans for the international geographies in terms of new orders that you're targeting? And any new geographies that you're targeting besides Ivory now?

Satish Parakh: Yes. So presently, we're working in 6 countries, and we'll try to focus on these countries and then slowly grow there. This will be an independent vertical. We will add may be in 2 to 3 years' time around 20% of our order book and revenues.

Prem Khurana: Sure. In all the segments, I mean, coming towards the buildings that we do India or any particular segment...

Satish Parakh: All the EPC segments which we are present in India, we will be exploring them abroad also.

Prem Khurana: Sure. And sir, when you, I mean, we are on the verge of closing transaction for BOT tools as well the original 5 projects which we are supposed to sell to KKR so these are 2 aspects wherein the cancellation is supposed to be done with by '28 and '29 in Bhandara. I think in between there was this perfection that these who could stay out of that agreement that you do. So I mean, what's the status now? Would be go for all the 5 assets and the SHA you are talking about would be for all the 5 assets or it could be for 3 because the other 2 in terms of confession is hardly anything there for the buyer. I mean it's only on 3, 4 years of pending tail period is what is left.

Satish Parakh: Yes. So as I explained earlier, talks are in advanced stage for all the 5 BOT projects and all 11 HAM projects. These 2 independent portfolios are at advanced stage where we will be very soon signing SHA.

Prem Khurana: Sure. In Jaora-Nayagaon and Chennai, so that except that...

Satish Parakh: Jaora, Chennai may take a little more time. So Jaora still we are facing challenges for getting NOC. It requires a change in condition in the concession agreement, which is taking a little bit more time as it requires cabinet approval.

Prem Khurana: Sure. If the buyer is still the same in, or I mean you -- because I mean there's been sometimes that exclusivity is done with, we could look at new buyer as well for Chennai or Jaora...

Satish Parakh: We will come back to you on this. As it develops, we will come back on it...

Prem Khurana: Sure. And also, I mean, if you could help us understand the increase you have seen in the net debt number in this quarter on stand-alone side around INR600-odd crores. We've gone to INR1,200 crores. So there's a jump of almost INR600-odd crores. How much of this is -- I mean eventually, would you believe that it is temporary and the payment cycles are elongated because of elections and will come down by and where do you see the debt number by the end of this year?

Peeyush Jain: So practically, it should be on the same lines. It is majorly because the -- if you see the cash balance that we had at the year-end, is compensating because there were some collections at the year-end from the government side that payments were done. So practically, there is effective increase of around INR200 crores, INR300 crores, which are in lines to the turnover we had done in the quarter, and also that has been used for the repayment of NCDs at ACL level.

So it should be in the same range, and there would definitely be an increase over a period because that turnover has also increased at a growth of around 20%, 25% -- 20% around. So definitely, working capital would see a rise.

Prem Khurana: And when you say same line, I mean we are talking about the FY '24 levels, right?

Peeyush Jain: Yes, yes. It should be in the same lines of around INR1,200 crores.

Moderator: The next question is from the line of Vasudev from Nuvama.

Vasudev: Yes. Sir, if you can help me with the total equity requirement for the HAM project, how much have been infused till date and what is the pending infusion?

Peeyush Jain: So practically, the pending infusion is around INR120 crores and we have invested in HAM projects to the tune of INR919 crores. We have invested INR1,170 crores. That is our commitment and out of which INR120 crores is to be done.

Vasudev: Okay. And this INR120 crores, how much will be infused in FY '25?

Peeyush Jain: So this would be mostly in the FY '25 only because 2, 3 projects are at the completion stage already.

Vasudev: Okay. And sir, the capex that we're planning for FY '25 and how much have we done in the first quarter?

Peeyush Jain: So we have around capex of INR100 crores, INR110 crores. Out of which, in the first quarter, we have done around INR10 crores.

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

Parikshit Kandpal: Sir, my first question is on the monetization. So before monetization nowadays NHAI is asking for the settlement of all the previous claims for giving NOC. For all these projects, what is the status on the claims settlement with NHAI? And has that been one of the major issues for which there has been delay in the monetization?

Satish Parakh: Yes, can you repeat it, please?

Parikshit Kandpal: Sir, I was asking that now -- before any monetization nowadays, NHAI is asking for a settlement of old claims, which typically concession has put on NHAI. So in our case has that been an issue because of there has been delays? And at what stage of settlement are we or reconciliation with NHAI before we can conclusively sign the SHA?

Peeyush Jain: So for HAM, SHA, almost we are at advanced stage for most of the projects. And in some there is COD also achieved which is the settlement. And for BOT, some projects are at discussion stage and should happen. So we can take it offline on one to one basis.

Parikshit Kandpal: Sure, sir. Second question is on margins, sir. I mean, sorry, I joined the call a little later. If you can understand, without other income, what would be the targeted EBITDA margin for FY '25 and '26? Because we have seen delays in recovery of EBITDA margins but now with new orders coming in and depletion of old order books, how do we see the EBITDA margins panning out for FY '25? And which quarter in FY '25 do you think that there will be a significant improvement in the margin trajectory? And then the guidance for FY '26.

Peeyush Jain: So as we discussed in earlier calls as well, so hopefully by second half of this year and most probably by fourth quarter we should have a range of 8% to 10%, around 9% soon. And for that, this is the addition as rightly said and the increase in the order book inflows for the current year that we expect. So we should have a margins of around 10% for the next year.

Parikshit Kandpal: So 10% in FY '26.

Peeyush Jain: Yes.

Parikshit Kandpal: And the revenue growth in FY '26 is -- what was the growth you are targeting for FY '26?

Peeyush Jain: Around 20%.

Parikshit Kandpal: So this year 20% and next year also 20%.

Peeyush Jain: Yes.

Parikshit Kandpal: And just the last question, sir, on the T&D P. I just wanted to understand, not as much T&D P projects are coming. So first of all, are we qualified to bid for this? Are we giving any support bids to the developers who are participating in this tendering? So beyond 400 kV and 750 kV, 800 kV are we qualified or we will target more on the RDSS side?

Moderator: Mr. Parikshit, please can you repeat the question for the management?

Parikshit Kandpal: Sir, on the transmission and distribution side, so are we qualified to bid for T&D P EPC opportunity, which is coming up? So primarily -- or the other way I want to ask, for high voltages like 400 kV or 765 kV or 800 kV, is there any opportunity where in we can participate? Or lastly, our presence will be more in the lower kV kind of opportunity on the distribution side?

Peeyush Jain: So for 765 kV, we'll not be able to qualify. We'll be -- we're executing on the same lines around 220 kV and up to 300 kV.

Parikshit Kandpal: Up to 300 kV you will be basically tendering participating in the tender up to 300 kV. Okay, sir, my questions are answered. Thank you.

Moderator: Thank you. The next question is from the line of Niteen Dharmawat from Aurum Capital. Please go ahead.

Niteen Dharmawat: Yes, thank you for the opportunity. Okay. Sir, you mentioned about in the commentary about the projects from NHAI but you were not completely audible. So can you please repeat that particular part? How do you see projects coming from NHAI? And what is the situation now? Is it the similar kind of thing? Or is there any change that you see after the election results?

Satish Parakh: So practically, there were no orders last quarter and in the first quarter also there was a little bit delay or something. So we are expecting that the order book pipeline to be in the current year should be to the tune of around 3,700 kilometers and which will comprise of INR93,000 crores, is the total. And we proposed around 2,400 kilometers for our pipeline to the tune of INR78,000 crores. This is including NHAI, MoRTH and we should have major inflows in Q3, Q4.

Moderator: Mr. Niteen, does that answer all your questions? The current partisan seems to have disconnected we will take the next question, which is from the line of Jyoti Gupta.

Jyoti Gupta: Can you please give me the breakup of revenue from international operations? What would be the breakup of domestic versus international?

Peeyush Jain: So presently, domestic versus international in the current quarter is around 15%, 20% that we have executed. And it should be in the same line, a range of around 10% to 12%.

Jyoti Gupta: For the next few quarters, it will be 10% to 12%.

Peeyush Jain: 10% to 12%, yes.

Jyoti Gupta: And in terms of EBITDA, which is more lucrative, domestic or the international?

Peeyush Jain: So practically it's in the same line, maybe 1% or 2% more.

Jyoti Gupta: Okay. My other question is on the depreciation side. Do you expect depreciation going down significantly in the next 2 quarters? Because as I understand, a lot of machines which are getting exported which actually -- will be actually disposed in the foreign lands. Therefore, new machines obviously, you look at depreciation may be half of a year?

Peeyush Jain: So practically, for depreciation for overseas, we have a policy of charging extra depreciation considering the overseas exposure and movement of the machinery. So we feel that it should be in the range of around INR20-odd crores for quarter-on-quarter basis. And as per our policy, substantial addition is done in this year, which we expect around INR100- odd crores.

Then we'll have an addition of depreciation to those assets and should be in the range of INR20 crores, INR25 crores, because we have a policy of expected lines based on WDV method.

Jyoti Gupta: Okay. And is the revenue from international operations being billed up in the total revenues on a consol level? Is the money we booked here as well repatriated into India?

Peeyush Jain: Yes, this is a project which are executed through brands, so all the turnover is captured as a standalone itself.

Jyoti Gupta: Okay. And there is repatriation from international assets?

Peeyush Jain: Yes. Also majorly projects that we are doing are Exim funded.

Jyoti Gupta: My other question is, sir, that while we don't see a substantial increase in the projects, yet our cost of materials on an overall basis plus has actually increased. Any special reason? Is it to do with procurement of mines?

Peeyush Jain: No, it's not mines basis. But practically, if we have to take both the expenses put together, cost of material as well as the construction and other net expenses, because the mix of the projects that we execute depends on the nature of subcontracting that we have given.

Jyoti Gupta: So on an overall basis, what is the average subcontracted contribution which actually deters the revenue side for the company?

Peeyush Jain: So it depends on a case-to-case basis. So would be difficult on one to one basis that how much is there. But it should be in the range of around 30%, 40%, and then material costs around 40%.

Jyoti Gupta: Okay. Sir, what is the status of international projects if there's the delays -- 2 questions. One, are we still having issues with procurement of land? And if so, where? And the other thing is if there is a deficit of projects within India, do we see that being compensated from international projects?

Peeyush Jain: So as we...

Satish Parakh: So independent strategy and international vertical is developing on its own. Particularly, second generation has taken over it. We're already working in 6 countries, excluding India, which will grow on its own. And naturally we have sufficient bandwidth and manpower to take up national projects.

Moderator: That answered all your questions, right?

Jyoti Gupta: Yes.

Moderator: The next question is from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.

Vishal Periwal: I have just 1 question. In a consol-wise result, I think the BOT Annuity projects, that line item which is there, revenue is largely flattish to margin decline, but our segment in which is a EBIT has seen a pretty sharp improvement. So is there any one-off in this BOT Annuity projects in terms of margins for us in this quarter?

Peeyush Jain: No, practically, it's mainly on account of the reduction in the interest deficit there. The allocated interest for BOT projects and other projects. And HAM projects income come on the basis of the IRR, so this is the future collections that we expect and the increase in the rates of interest gives us the better IRR, and accordingly, the margins in that segment increase.

Vishal Periwal: Okay. So the margins that we are seeing in this quarter, probably that will kind of...

Peeyush Jain: Yes. That is true.

Vishal Periwal: Okay. Sir, that's all from my side. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Ms. Jyoti Gupta from Nirmal Bang Equities for closing comments.

Jyoti Gupta: Thank you, Shlok. And very sorry for the technical issue that we had in the beginning. At the same time, thank you, management, thank you, participants. Over to the management for closing comments, please.

Peeyush Jain: Thank you. I hope we have been able to answer most of the queries. We would look forward for your participation in the next quarter. For any further queries, you may contact SGA, our Investor Relations. Thank you from our side.

Moderator: Thank you, sir. On behalf of Nirmal Bang Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.