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.

February 13, 2024

Sub: Call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on February 08, 2024.

Kindly take the same on your record.

Thanking you,

For **Ashoka Buildcon Limited**

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"Ashoka Buildcon Limited

Q3 FY '24 Earnings Conference Call"

February 08, 2024

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

MODERATOR: **MR. PREM KHURANA – ANAND RATHI SHARE AND STOCK BROKERS**

Moderator: Ladies and gentlemen, good day, and welcome to Ashoka Buildcon Limited Earnings Conference Call, hosted by Anand Rathi Shares and Stock Brokers.

This conference call may contain certain forward-looking statements about the company, which are based on beliefs, opinions and expectation of the company as on 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 line will be in 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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prem Khurana from Anand Rathi Share and Stock Brokers. Thank you, and over to you, sir.

Prem Khurana: Thank you, Riya. Good afternoon, everyone. On behalf of Anand Rathi Shares and Stock Brokers, I extend a warm welcome to all of you to the Q3 FY '24 and 9-month FY '24 Earnings Call of Ashoka Buildcon.

For the call from the management, we have Mr. Satish Parakh, Managing Director of the company; and Mr. Paresh Mehta, CFO of the company with us. They'll share their views on the recent performance, the way forward, and then we'll open the floor for the interactive Q&A.

With this, I hand the floor over to the management for their opening remarks. Over to you, sir.

Satish Parakh: Yes. Thank you. Thank you, Prem. 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 and 9 months ended 31st December 2023.

On this call, I have Mr. Paresh Mehta, CFO of Ashoka Buildcon Limited; and SGA, our Investor Relations Advisor.

Let me begin by giving a few relevant economic and sectoral news. The 2.7% hike in the budgetary allocation of road transport and highways, though small, comes on a high base and will be committed towards ongoing project, while the fresh developments will come in the form of private sector as envisaged by the government.

The government estimates that infrastructure expenditure has a multiplier effect of 2.45x on the GDP in the year of capital expenditure and 3.14x in the next year. The outlay of INR11.11 lakh Crore for infrastructure in FY '25, the availability of long-term interest-free capital expenditure loans and the implementation of 3 new railway economic corridor programs, as announced in the budget, will hold the sector in good stead.

The ministry has constructed 6,216 kilometers of national highway up to December 2023 in ongoing fiscal as compared to 5,774 kilometers constructed in the year ago. The Ministry of Road Transport and Highways is aiming to create a national record by constructing 13,813 kilometers of highway in the current fiscal year.

The Road Transport and Highway Ministry will construct 14 new expressways and high-speed corridors under PPP model, totaling to 2,279 kilometers with an investment of INR1.3 lakh Crore.

Efforts by Ministry are in progress, for implementing agencies to expedite pre-construction activities like land acquisition, regulatory clearances and environment, forest, wildlife and no objection certificates from different authorities through frequent and proactive coordination with the state government and other concerned authorities so as to improve the progress in awarding of the contracts.

Now, on projects front, let me share update on that. In the month of October 2023, company has received letter of award for power distribution infrastructure development project of INR125 Crore in Osmanabad, from Maharashtra State Electricity Distribution Company Limited, whereas we have won EPC orders in the past few months. First, in construction of cable stayed bridge in Khammam, Telangana, for total consideration of INR146 Crore from Government of Telangana Roads and Building Department.

Secondly, company has received a letter of acceptance from CIDCO for design and construction of stilt bridge for eastern connectivity for Navi Mumbai International Airport in joint venture for a total consideration of INR662.55 Crore. Ashoka Buildcon has 51% share in this joint venture that is INR337.9 Crore.

Also company has received letter of award for the project of 6 laning of Aurangabad, Bihar, Jharkhand border section of NH-2 in the State of Bihar under Bharatmala EPC mode for a total consideration of INR520 Crore.

Additional on current projects, company has received certificate of CoD for HAM project of NHAI in October 2023 for 4-laning of Tumkur-Shivamogga section in Karnataka, Package III. Whereas, for Package I, Tumkur-Shivamogga section, company has received CoD for a stretch of further 7.55 kilometers on November 21, 2023, in addition to the earlier stretch of 34.73 kilometers, which was received in October 26, 2021, that is the first CoD, and as the SPV is eligible for receipt of annuity payments from NHAI for the additional portion from the first CoD itself.

On asset monetization part, subsequent to the share purchase agreement signed by Mahanagar Gas Limited with Unison Enviro Private Limited and its shareholders, Ashoka Buildcon Limited and an investment fund managed by Morgan Stanley India Infrastructure for acquisition of 100% stake of ABL and MSII in UEPL, the transaction process has been completed.

The deal has been closed at the final equity consideration of INR562.09 Crore, out of which company has received INR286.67 Crore for its 51% stake. The company and its subsidiary, Ashoka Concessions Limited, are making progress towards the divestment of their entire stake in specific subsidiaries that are awarded by NHAI for the construction or operation of road projects on HAM and BOT basis. Considering the high likelihood that the sale will be finalized within the following 12 months, these completed project assets and liabilities continue to be classified as held for sale.

Coming to the order book. As on 31st December 2023, our balance order book stands at INR13,167 Crore. The breakup of the order book is for the roads and railway projects compromise around INR6,816 Crore, which is 52% of the total order book. Among the road order book projects, HAM projects are to the tune of INR1,188 Crore and EPC road projects are worth INR4,475 Crore. Railway is around INR1,153 Crore.

Power T&D accounts for around INR5,573 Crore, which is approximately 42% of the total order book. The total EPC Building segment is INR746 Crore, which is 6% of total order book and EPC work of CGD business comprises of around INR32 Crore. Order book as on date is INR14,171 Crore. Allow me to reiterate that our primary focus remains on maintaining sustainable EPC business in segments encompassing highways, railways, power transmission and distribution as well as buildings.

This is all from my side. I would now request Mr. Paresh Mehta to present the financial performance. Thank you.

Paresh Mehta: Thank you, sir. Good afternoon to one and all present on this call. The results, investors presentation and the press release have been uploaded on the stock exchange and the company website. I'm sure you must have had the time to go through the same.

Now I will present the financial results for the quarter and 9 months ended 31st December 2023. Starting with the standalone numbers, the total income for Q3 FY '24 stood at INR2,162 Crore as compared to INR1,590 Crore in the corresponding quarter last year, registering a growth of 36%.

EBITDA for the quarter stood at INR205 Crore with EBITDA margin of 9.5%. The reported PBT stood at INR115 Crore and PAT at INR87 Crore. Revenue from contractual projects contributed to 97% of the total income in Q3 FY '24, whereas out of the total contractual revenue, road EPC contributed 56%, power EPC contributed 32% and other segments such as railways, buildings, EPC and CGD, contributed 12%.

For 9 months FY '24, the total income stood at INR5,309 Crore as compared to INR4,410 Crore in the corresponding period last year, registering a growth of 20%. EBITDA for the period stood at INR473 Crore with EBITDA margins of 8.9%. The reported PBT stood at INR232 Crore and PAT is INR174 Crore. Our debt to equity stood at 0.37 as of 31st December 2023.

Coming to the consolidated results. The total income for Q3 FY '24 grew by 35% year-on-year to INR2,699 Crore as compared to INR1,996 Crore in Q3 FY '23. EBITDA stood at INR639 Crore for Q3 FY '24 with a margin of 23.7%. Reported profit after tax stood at INR110 Crore in Q3 FY '24.

For 9 months FY '24, the total income stood at INR6,867 Crore as compared to INR5,757 Crore in the corresponding period last year, registering a growth of 19%. EBITDA for the period stood at INR1,737 Crore with EBITDA margins of 25.3%. The reported PBT stood at INR453 Crore and PAT at INR301 Crore.

Total consolidated debt as on 31st December 2023, stood at INR6,920 Crore, of which project debt is INR5,718 Crore. NCD stood at INR100 Crore at ACL level. The standalone debt is at INR1,103 Crore, which comprises of INR224 Crore of equipment and term loan and INR878 Crore of working capital loan.

Towards our BOT division, during Q3 FY '24, it recorded a gross total collection of INR314 Crore as against INR282 Crore in Q3 FY '23, whereas in 9 months FY '24, it recorded a gross total collection of INR918 Crore as against INR818 Crore in 9-month FY '23, recording a growth of 12%.

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

Moderator: The first question is from the line of Jiten Rushi from Axis Capital.

Jiten Rushi: Yes. Sir, can you give us a revenue breakup among the sectors in roads and EPCs and others?

Paresh Mehta: So for Q3 FY '24, the Road revenue was INR1,166 Crore, for Power, it was INR659 Crore. For Railways, it was INR164 Crore. And for Buildings, it was INR81 Crore. Another INR17 Crore was pertaining to other businesses like CGD and others.

Jiten Rushi: And sir, for 9 months, if possible?

Paresh Mehta: For 9 months, on a total, for Roads, INR3,194 Crore; for Power, INR1,184 Crore; for Railway, INR487 Crore; for Buildings, INR174 Crore; and for Others, which is INR61 Crore.

Jiten Rushi: Sir, do we have something which you can compare for the last year if possible to share here?

Paresh Mehta: Pardon?

Jiten Rushi: If you have the last year same quarter and 9 months' number, if it is possible to share here?

Paresh Mehta: Yes I can give that number. For Roads, the number for last year '22-'23 was INR2,982 Crore; Power was INR452 Crore; Railway was INR476 Crore; Buildings was INR88 Crore and other projects was INR155 Crore.

Jiten Rushi: This is for the full year, right, sir?

Paresh Mehta: Yes. This is for 9 months.

Jiten Rushi: Nine months. Okay. Okay. And sir, in terms of the guidance for this year in the extent of the revenue and EBITDA and inflow. And so can you just throw some light on that, sir?

Paresh Mehta: So as we have been discussing in the past calls also, the EBITDA margins have been low for the past few quarters, but we expect by Q1/Q2, EBITDA should improve by 1%- 1.5% at least and then stabilize around 11%- 11.5%.

Jiten Rushi: And in terms of guidance on the top line?

Paresh Mehta: So for this year, as we have seen around -- we maintain a growth -- try to maintain a growth of 15% to 20%. It's already for the 9 months we reached 20%, should be able to take that number.

Jiten Rushi: Sir, any outstanding bid pipeline which you are targeting for the next 2 months, if at all? And the inflow for this year -- final inflow we are targeting and probably next year in terms of inflow, if you can throw some light on this?

Satish Parakh: Yes. So there are bids already submitted which are yet to open, are around INR13,000 Crore, and there is a bid pipeline of around INR95,000 Crore, which will be lined up to bid. But we don't know when elections will be declared and when we will have block on bidding. So bidding still may happen, but then award may not happen during election session.

Jiten Rushi: Election time. So basically with INR13,000 Crore, I'm assuming it's from the road sector and INR95,000 Crore also there is a mix of roads and the railways and...

Satish Parakh: The INR13,000 Crore is road sector.

Jiten Rushi: And this INR95,000 Crore also is roads?

Satish Parakh: Yes, INR95,000 Crore also road.

Jiten Rushi: And sir, any guidance in terms of inflows for next year, if possible?

Satish Parakh: Guidance will all depend upon elections, like they may flow up into Q1. So end of Q1 and Q2, we see visibility of getting good orders.

Moderator: Next question is from the line of Deepesh Agarwal from UTI AMC.

Deepesh Agarwal: Sir, my first question is on, if I look at our T&D segment, the order book is actually trending downwards, sir, though there is a good ordering in the sector, so any reason why we are not actually taking much orders on the T&D side despite these strong tailwinds in the industry?

Satish Parakh: In fact, we have done good orders in T&D.

Deepesh Agarwal: Okay. Sir, sequentially, the order book is going down despite a stronger ordering in the sector.

Satish Parakh: No, sequentially, we have gone up in T&D section. What we bagged 2 quarters or before would add up to a good number.

Deepesh Agarwal: Okay. Okay. sir, other question is actually there could be a lot of BOT projects, which may come up in the next 1 or 2 years, so would we be open to the BOT projects?

Satish Parakh: Yes, we are looking at BOT projects seriously, and we are participating in the upcoming projects.

Deepesh Agarwal: Sure. And, sir, we -- in the past, we have executed 1 renewable project, a solar EPC project, given that a lot of orders are likely to come in for solar, would we be again actually going and looking at those kinds of projects?

Satish Parakh: Yes. So earlier solar project was with fixed price for modules. Now projects are coming up with balance of cost, like models are being supplied by the employer or they are giving escalation on modules. So those kind of projects where escalation will be given, definitely, we are looking at those EPC, as we have a team in place now.

Deepesh Agarwal: Sure. And, sir, lastly, if you can update us on the monetization of different assets, and also, once the monetization is done, what is thought process in terms of the usage of the proceeds?

Paresh Mehta: Yes. So on the monetization of assets, we have typically 11 HAM projects, which are on the board and 5 BOT projects, which are on the board, which are in the process of various stages of either diligence, binding offer or at SPA, execution stage. So we expect the HAM projects' SPA to be signed off before this year-end. And between Q1 and Q2 to get monetization of at least 50% of the assets and the balance in the balance period.

On the BOT projects, we are in discussion with potential investors for a binding offer, and we expect to freeze on them in the near future in a couple of months' time and then go into documentation and closure of the transaction.

On the Jaora-Nayagaon project, we have applied to the implementing agency for the NOC for transfer of shares. In the Chennai IRR project, we are in the process of acquiring the 50% stake, which is held by our partner. Once that is acquired, we'll be in a position to sell the same.

Then, on the last asset, that is the CGD business, which we had, we have already told that we have already monetized the asset. The sale proceeds was credited in January, and so that transaction is over, where we realized INR286 Crore. So this is in the nutshell for monetization of assets.

Deepesh Agarwal: So fair to say in next 6 months all the 4 pending transactions would get completed?

Paresh Mehta: Not from a closing perspective, but reasonably from signing up with a potential investor.

Deepesh Agarwal: Okay. Sure. And, sir, any thoughts what we will do with the cash because you will receive a substantial amount of cash?

Paresh Mehta: So partly money will be utilized to give the exit to SBI Macquarie which is pending. Second part of the money will also be used to reduce debt on the stand-alone level of ACL. Otherwise, there's not really much debt otherwise. And the balance as in when it comes, we can decide to utilize the money for newer projects or for the benefit of the investors.

Moderator: Next question is from the line of Rohit from Antique Stockbroking Limited.

Rohit: Yes. So basically, sir, my question is that we have an order backlog which may not be from the execution book-bill perspective not more than 2x. And given a strong execution in FY '24, do you think FY '25 will be a flattish year? Because the model code of conduct will be there at least till the end of May. So an order inflow will also be very unlikely even if it comes through the letter of award when it happened. So do you think the execution would be like flattish growth in next year?

Satish Parakh: Not really. We are hopeful of getting orders in Q2. And definitely, we'll start execution on that in second half. So we will try to keep up with the pace of what we are doing now.

Rohit: Okay. Sir, my second question has to do with the normalization of the margins, EBITDA margins. When can we expect that double-digit number to be back?

Paresh Mehta: So as we have been speaking in the past also, we expect by Q1 and Q2, either of these quarters, Q1 or Q2, we should be in the double-digit, around 10% EBITDA margins and above.

Rohit: Sure. And my final question will be on the plan to go back to the BOT road projects. Sir, do we have any plan where we have an arrangement with a potential fund or an investor to partly finance the project because all these BOT projects will require 30% of equity? It will be quite cash-guzzler or maybe at least capital intensive in the beginning part. So how do we plan to do those capital allocation part?

Satish Parakh: We are in discussions with various investors. But we've not finalized any arrangement yet.

Moderator: Next question is from the line of Akhilesh B, an individual investor.

Akhilesh B: Congratulations on a good performance. Sir, my question is what is the current outstanding liability we have to SBI Macquarie with all the accrued, carry, etcetera, as on 31st December?

Paresh Mehta: Approximately INR1,370 Crore.

Akhilesh B: And are we accruing any more carry on this? I think, 8% you had mentioned earlier, what is the mechanism?

Paresh Mehta: So for this quarter at 9%, December quarter, and for March quarter at 10%. But it is all capped for Rs 1526 Cr.

Akhilesh B: Sorry, it is capped for? Could you explain that, please?

Paresh Mehta: INR1,526 Crore.

Akhilesh B: So that will be the upper limit. Beyond that, our liability will not increase.

Paresh Mehta: Correct.

Akhilesh B: Okay. And sir, have you given any thought to the water EPC segment? Is there any reason we cannot get into this segment? There seemed to be substantially better margins in that segment compared to our existing segments.

Satish Parakh: So water EPC, we are already executing one project for Mumbai Municipal Corporation. And we are very much in this segment. So all the treatment plants and water treatment works, we are participating now.

Akhilesh B: Okay. So we may do it in a bigger way in the future.

Satish Parakh: EPC player with railways, power, buildings and water EPC.

Moderator: Next question is from the line of Kawal from Samar Wealth.

Kawal: What does the company intend to deploy the received amount from the sale of equity stakes to HAM player? Will these funds be allocated for any specific road or railway or PPP sector or project?

Paresh Mehta: So this will -- the opportunities as they are coming. So as we have already spoken, there are BOT opportunities that have come up, part of it could be utilized for investment in BOT projects to a certain extent. So it will all depend on opportunity. We will come up in the next 12 to 18 months.

Kawal: Okay. Got it, sir. Sir, my next question is, is there any capex plan for the next year?

Paresh Mehta: Is there any?

Kawal: Is there any capex plan for the next year?

Paresh Mehta: So that is a continuous process for every year. capex is there, machineries are bought every year, so approximately in the range of INR60 Crore to INR100 Crore is the general CapEx plan for equipment and machinery.

Moderator: Next question is from the line of Jyoti Gupta from Nirmal Bang.

Jyoti Gupta: Just wanted to ask, there have been -- last 2, 3 years, we've had a foray into NHAI. Now the trend is going more towards BOT. What's the kind of margin can we expect, and it seems earlier BOT was not such a popular concept for construction companies, but now companies are open to take BOT, those projects. I'd like to understand what's the kind of margin we expect from BOT vis-à-vis NHAI because the model is very different?

Paresh Mehta: So I understand you want margin on a BOT project.

Jyoti Gupta: BOT project...

Paresh Mehta: B-O-T project, right?

Jyoti Gupta: BOT project -- Road project, yes.

Paresh Mehta: See, as a concept, BOT projects are EPC plus asset holding capacity. So in a BOT project, definitely, both aspects are differently looked at. The EPC margins are what we generally target at. And then we'll have to have patience on the capital invested to amortize the returns over a period of the concession life or to be able to monetize the asset. So they are definitely -- they give different opportunities vis-à-vis an EPC, but it definitely covers the EPC ability to do the transaction -- to do the business.

Jyoti Gupta: But is that covered -- I mean like I just wanted to have a ballpark figure in terms of like if it was X in NHAI, do you expect 1.5% X, at least some sort of margin must be there in BOT, which should actually encourage the construction companies to pick up BOT projects. I mean, just to understand, because going forward, we'll have more of BOT projects rather than NHAI, correct me if I'm wrong.

Paresh Mehta: Yes. So basically, an EPC contract -- the BOT projects are typically a mindset of people who want to hold assets and who are expecting a yield or an IRR. So from that perspective, the viewpoint would be different for everybody. Anybody who is expecting a yield of approximately IRR of 15% to 16%, would -- and with the -- accordingly the number stacks up, they would be interested in bidding for such projects.

Moderator: Next question is from the line of Vaibhav Shah from JM Financial Limited.

Vaibhav Shah: What would be your order inflow guidance for FY '24? And what was the inflow in the first 9 months?

Satish Parakh: So next year guidance is like we should be getting orders from Q2 onwards, and we expect at least INR6,000 Crore to INR8,000 Crore of order book adding next year.

Vaibhav Shah: And what is in the order inflow in FY '23 in 9 months?

Satish Parakh: 9 months, I'll just come back on this.

Vaibhav Shah: And guidance for the current year, FY '24?

Satish Parakh: '24, I'm not sure because now already we are in Feb -- mid Feb, so whatever have been bidded, once those bids open, we'll know how much we get. So around INR13,000 Crore of bids we are waiting for yet to open.

Vaibhav Shah: Okay. And sir, there was a sharp increase in interest on a quarter-on-quarter basis from INR52 Crore to INR62 Crore in third quarter. What was the reason for the same?

Paresh Mehta: So interest increase is -- basically 1 reason is we had taken a term loan from Aditya Birla Finance in September end, which was also in the last quarter financials, which had an impact of approximately INR2.25 Crore. And there was a one-off BG, bank guarantee, charges of INR5 Crore for international project, which was accounted for in this quarter due to certain changes in the guarantees, which was a one-off.

Vaibhav Shah: Okay. And sir, what was the reason for the increase in the carry on the SBI Macquarie liability?

Paresh Mehta: That was more of a commercial from their perspective. And as far as we were getting a protection on the total INR1,526 Crore, which was what their ask was.

Vaibhav Shah: So for FY '25, it would be 10%?

Paresh Mehta: Yes. It's not yet decided. It will be decided post 1st April.

Vaibhav Shah: Okay. And sir, lastly, what is the execution status for the water project in Maharashtra in Mumbai?

Satish Parakh: So Mumbai project after -- post-monsoon has started well now. So we are in advanced stage of execution now.

Vaibhav Shah: Okay. And when you expect it to complete the project?

Satish Parakh: So this will take another 18 months to complete.

Moderator: Next question is from the line of Vishal Periwal from IDBI.

Vishal Periwal: I have 1 question. Sir, based on our outstanding order book of INR14,000-odd Crore, which is including inflows, what kind of revenue we can expect in FY '25 to execute, assuming like probably order inflow will be muted sector-wise? So how do you see FY '25 in terms of revenue based on the current book?

Satish Parakh: Current book -- based on the current book, we should be flattish. But if we are able to bag orders in Q2, then definitely 15% to 20% rise we can expect.

Vishal Periwal: Okay. So largely, I mean, it could be like second half or probably like third, fourth quarter can be heavy, that's what we can say that, right?

Satish Parakh: Q2 onwards, we should start getting orders, and some orders, we may get even before this March end.

Moderator: Next question is from the line of Saif Sohrab Gujar from ICICI Prudential AMC.

Saif Gujar: Sir, just on the overseas order book, which is around INR1,300 Crore, what is the status about execution there? Which are the major projects comprising in this? And any tentative timelines when the execution starts or is going on?

Satish Parakh: So major project is Guyana, where we have completed around 36% of the job. And now like Q1 onwards, we will have all the retail layers being done. So there will be a good progress on that project going ahead.

Bangladesh, we have started well. There is a land acquisition issue on 50% of the land. Balance 50%, we are progressing well, where all structures are completed and execution is in full swing. So once balance 9-kilometer is released, we can see good progress next year.

The third project which we are doing is for power distribution in West Africa, in Benin. There the materials have been approved, and material supplies would start, and execution would start in Q1.

Saif Gujar: Okay. And just how much is the outstanding order book from these projects, Guyana and Bangladesh, out of the INR1,300 Crore?

Paresh Mehta: That's the balanced order book, which numbers you're talking about.

Saif Gujar: So for just these 2 projects, out of the INR1,300 Crore -- sorry, I would have missed the number.

Satish Parakh: These 2 are INR1,100 Crore.

Moderator: Next question is from the line of Vasudev from Nuvama.

Vasudev: Just a few questions from my side. So firstly, if you can give, what is the total equity requirement for all the HAM projects? And like how much have you already infused? And how much is still pending?

Paresh Mehta: So the equity requirement for the major 2 projects that is Bettadahalli Shivamogga and Basawantpur Singnodi is approximately INR191 Crore.

Vasudev: Okay. And how much have you already infused from this?

Paresh Mehta: So this is the balance required to be done from 1st January.

Vasudev: Okay. Got it. And, sir, secondly, on the bid pipeline front, you said that we are looking at INR95,000 Crore in the Road segment. So if possible, can you give some color on the other segments as well?

Satish Parakh: Other segment, bidding pipeline is not committed kind of this thing. We have to look for different states, basically.

Vasudev: Okay. Okay. That's okay. And sir, what is the CapEx that we've done in Q3? And how much are we expecting for the full year then?

Paresh Mehta: I'll just come back on that.

Vasudev: Okay, sure, sir. And just lastly, do we have any definitive timelines where we're closing -- looking to close those Jaora-Nayagaon, the Chennai ORR deals?

Paresh Mehta: So Jaora-Nayagaon is dependent on government NOC. So once that is received, it should be happening in 2 to 3 months' time. Chennai ORR, it's more of a commercial process, may take a couple of months or more, depending on how the commercials go.

Moderator: Next question is from the line of Jyoti Gupta from Nirmal Bang.

Jyoti Gupta: Sir, my question is the code of conduct will settle on the 25th of February? Are we expecting, like there was this -- when we're talking to competition, apparently, there is some INR13,000-odd Crore or maybe more of the orders which may be offloaded before the code of conduct. What is your take on that?

Satish Parakh: We are participating in various bids. And I said INR13,000 Crore, where we have already participated, yet to open, and new bids are continuously coming. Our participation is there in most of the bids.

Jyoti Gupta: Okay. And so hopefully, before the code of conduct, they should actually be awarding all these projects, isn't it? So is it like during the code of conduct, they're not going to give out -- they will not be awarding any projects between maybe March to May, there will be no award?

Satish Parakh: There will be no award. But the bidding which can be done, they will not open.

Jyoti Gupta: They will not open. Okay. Thank you, sir.

Moderator: Next question is from the line of Bhavin Vithlani from SBI Mutual Funds.

Bhavin Vithlani: I just missed the number. You mentioned INR5,800 Crore is the project debt and INR1,100 Crore is the stand-alone debt. Now, you've received the money after the quarter ended for the sale of the asset. So is the debt kind of reduced by that quantum commensurately?

Paresh Mehta: Yes, yes. So that has typically gone into reducing their stand-alone working capital debt.

Bhavin Vithlani: And what was the project debt for that asset, which has reduced from the INR4,800 Crore of project debt held for sale?

Paresh Mehta: INR200 Crore.

Bhavin Vithlani: Okay. That's it. The second is, in the stand-alone, we've seen a very significant increase in the finance cost for this quarter. Could you just help us, because when we looked at on a Y-o-Y basis, the stand-alone debt has not gone up to the extent of the increase in the interest cost?

Paresh Mehta: Yes. So on the, what do you call, finance cost, as I have already said before, INR5 Crore is the impact of bank guarantee charges on guarantees given, which has been debited in this quarter for the international projects. And INR2.5 Crore is pertaining to Aditya Birla Finance, which was additional debt taken as of on 30th September -- which was taken somewhere around 27th September 2023 and the total impact of interest cost is a mix of interest on loans as well as interest on mobilization in demands, which is accounted as finance costs.

Bhavin Vithlani: Okay. So on a weighted average basis for you taking these exceptional items out, what is the underlying increase in the rate of interest as for the stand-alone business?

Paresh Mehta: From year to year?

Bhavin Vithlani: Yes, please.

Paresh Mehta: This would be approximately 0.75% to 1%.

Bhavin Vithlani: Okay. And what would it be currently at?

Paresh Mehta: So our CC limits would be in the range of 9.1% to 9.4%.

Bhavin Vithlani: Okay. The next question is also asked by the previous participant. In terms of -- as the mix of NHAI is expected to tilt towards the BOT projects, and we are also looking to sell these assets, but the timing is getting pushed out. Would you be open to taking these projects? And what's the kind of -- once the balance sheet freeze, what's the kind of potential capacity that will get released on the asset sale so that -- just want to know that what is the quantum of BOT that as you as promoter will be comfortable taking on the next round of BOT?

Satish Parakh: So comfort-wise, around INR10,000 Crore of BOT is not a challenge for us because we will be having surplus capital once we monetize all the assets. So we'll be having enough equity for doing projects worth INR10,000 Crore, and we can always look for an investor partner, right, from the bidding stage of BOT projects. So our experience on BOT will definitely help us select proper project and execute them timely.

Bhavin Vithlani: Understand. So you've been an early mover in the BOT, and I think the valuations that you are getting on the HAM is better in terms of time value of money from what you have got in the BOT projects. What are the learnings that you have incorporated? And along with that, if you could also talk about the competitive landscape because that is equally important?

Satish Parakh: Yes, competitive landscape would be there, but choosing the right project is very important. And NHAI is also modifying their concession agreements continuously, which is helping the sector. So they are in discussion even for this round of BOT projects, where they are asking concessioners to give their comfort on various aspects and then open for modifying the agreement if there are -- agreements are like equally -- as far as risk is concerned if they are equally placed, then definitely, this could be a good sector to grow.

Bhavin Vithlani: Understood and in terms of what's the learning that you had in the initial rounds that you've kind of taken a corrective action now that maybe the same one...

Satish Parakh: See, basically, study and selecting a proper corridor is very important, understanding all the aspects, having carried out BOT for the last 15, 20 years, we are very much in control on the entire value chain now.

Bhavin Vithlani: Understand. Could you talk about the -- I mean, the kind of efforts that you're putting in terms of team sizes, the feet on ground in terms of handpicking the projects that you would want to build in terms of the traffic studies you've already done so that it kind of -- where you can leapfrog in terms of the larger size as it comes in?

Satish Parakh: Yes. So we have all the in-house teams, and quite a big number is available in-house to do this. We are not applying for taking help of any external consultants for it. So design-wise, traffic-wise or financial modeling wise, everything is in-house.

Moderator: Next question is from the line of Shyam Garg from Ladderup.

Shyam Garg: Sir, my first question is pertaining to the capex. As we have mentioned in that we'll be spending around INR60 Crore to INR100-odd Crore for the next year in capex, what part would be for the maintenance capex and what part is growth capex?

Paresh Mehta: See all this capex is for EPC business. So it is all for whatever contracts are received, we keep on spending on machinery and equipments.

Shyam Garg: Okay. And sir, my second question is pertaining to the railways project that we are taking, that is particularly for the redevelopment projects or what kind of projects are, that if you can put colors we are targeting in the near future?

Satish Parakh: So we are participating in highways, railways, power distribution, buildings and water. All these segments are focus for us. Whenever we are able to make our target margins, we are going to participate in that.

Moderator: Next question is from the line of Vaibhav Shah from JM Financial Limited.

Vaibhav Shah: Sir, can you elaborate more on the INR5 Crore charge that you talked about in the interest cost? So which was the project? And what are the bank guarantees we encashed?

Paresh Mehta: No, no, no. So this was a bank guarantee issued for Guyana project from Indian Bank guarantee, which was to be replaced by a bond structure, where the foreign bank, which was involved in the transaction was -- at the last moment refused to refund any bank guarantee charges they have taken for the next 2 years. So that had to be closed, and that's the reason we replaced the bank guarantee with a bond and the charges were debited, which, otherwise, would have been carried and amortized over the next 2 years' time.

Moderator: As there are no further questions, I would now like to hand the conference over to management for closing comments.

Paresh Mehta: So I hope we have been able to answer most of your queries. We look forward to your participation in the next quarter. For any other further queries on this quarter results, you may contact SGA, our Investor Relations Advisors, or us directly. Thank you very much.

Moderator: Thank you. On behalf of Anand Rathi Share and Stock Brokers, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.