



Ashoka Buildcon Limited

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

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

Scrip Code: 533271

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November 13 2023

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 November 09, 2023.

Kindly take the same on your record.

Thanking you,

For **Ashoka Buildcon Limited**

Manoj A. Kulkarni

(Company Secretary)

ICSI Membership No. : FCS – 7377

Address: 3, Dattakrupa Apartment, Ravindra High School Road, Dwarka, Nashik - 11



Ashoka Buildcon Limited

"Ashoka Buildcon Limited

Q2 FY '24 Earnings Conference Call"

November 09, 2023

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MANAGEMENT:

MR. SATISH PARAKH – MANAGING DIRECTOR – ASHOKA BUILDCON LIMITED

MR. PARESH MEHTA – CHIEF FINANCIAL OFFICER – ASHOKA BUILDCON LIMITED

MODERATOR:

MR. ASHISH SHAH – JM FINANCIAL

Moderator: Ladies and gentlemen, good day, and welcome to the Ashoka Buildcon Limited Q2 FY '24 Earnings Conference Call, hosted by JM Financial.

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, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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.

I now hand the conference over to Mr. Ashish Shah from JM Financial. Thank you, and over to you, sir.

Ashish Shah: Thank you, Dorwin. Very good afternoon to everyone. On behalf of JM Financial Institutional Securities, I welcome you all to the Q2 FY '24 Earnings Conference call of Ashoka Buildcon Limited. Today, we have from the management, Mr. Satish Parakh, Managing Director; and Mr. Paresh Mehta, the Chief Financial Officer of the company.

I hand over the call to Mr. Parakh for his opening remarks, after which we will move on to the Q&A. Thank you, sir. Over to you.

Satish Parakh: Thank you, Ashish. Good afternoon, everyone. Hope everyone is doing well. On behalf of Ashoka Buildcon Limited, I extend my warm welcome to everyone joining us today to discuss our business and financial results for quarter and half year ended 30, September 2023.

On this call, we're joined by Mr. Paresh Mehta, our CFO and SGA, our Investor Relations advisor.

Let me start with the sector update. As per the research reports, following are the key highlights of the sector. The execution of orders of Ministry of Road Transport and Highways is expected to increase by 16% to 21%. That is

12,000 kilometers to 12,500 kilometers. That is 33 kilometers to 34 kilometers a day in FY 2024.

This was on the back of healthy order book and an increased budget outlay of 25% in FY 2024 budget for MORTH. Execution increased by 9.8% year-on-year. That is 3,196 kilometers in five months of FY 2024 compared to 2,912 kilometers in five months of FY 2023, and is expected to gain momentum in coming quarters ahead of general elections in next year.

However, MORTH awards in 2024 (up to August 2023) declined by 38% to 1,756 kilometers from 2,706 kilometers during the similar period of FY 2023. The overall MORTH awards are expected to fall to 9,000 kilometers to 9,500 kilometers in FY '24 from 12,375 kilometers in FY '23, owing to the likely slowdown in bidding activity before the general elections which have to be held in May 2024. Previously, during 2023 award by MORTH has declined marginally by 2.8% compared to 12,731 kilometers. So this year, we have seen a decline of 35% in August.

Now on the project front, I'll give you an update. In the month of September 2023, company has received a letter of award for power distribution infrastructure development projects for four circles in the state of Maharashtra from MSEDCL for accepted contract value of INR 646 crores. In addition to that, for one more circle at Osmanabad has been awarded for INR 125 crores in the month of October 2023.

With this current order balance book for the power T&D stands at INR 6,250 crores. However, we have also been awarded one project in October 2023 for construction of cable stay bridge at come on Telangana for total consideration of INR 146 crores, adding to the current order book of road EPC to INR 5,388 crores.

Two of our HAM projects with NHA has received certificate of commercial operation dates in the month of September 2023. COD was received for section of Tumkur-Shivamogga project, that is Karadi to Banwara PKG-TS II in Karnataka and other COD was received in October 2023 for a section of Tumkur-Shivamogga project from Banwara to Bettadahalli PKG TS III. One of the company's SPV BG Ashoka Infrastructure Private Limited has handed

over the vendor of this project, which was on BOT basis back to the PWD authority on September 28, 2023 after the expiry of construction period as per the terms of the construction agreement and obligation awards.

On asset monetization, the company has entered into share purchase agreement with Mahanagar Gas Limited for the sale of 100% stake along with Morgan Stanley Fund, held in Unison Enviro Private Limited, a subsidiary of the company. Also, it has entered into a SPA for sale of its stake in Jaora-Nayagaon Toll Road project and Chennai ORR project.

The company and its subsidiary Ashoka Construction Limited are at the advanced stage in respect of divestment of their entire stake in certain subsidiaries engaged in construction of -- construction and operation of road projects on HAM basis and BOT basis awarded by NHAI. Considering higher probability of sell getting completed in the next 12 months, the assets and liabilities of these subsidiaries are continue to be classifies as assets held for sale.

Coming to the order book, as of 30, September 2023, our balance order book stands at INR 14,795 crores. The breakup of order book for roads and railway projects comprise of INR 7,842 crores which is 53% of the total order book. Along the road of the project order book HAM projects are to the tune of INR 1,299 crores. EPC order are worth INR 5,242 crores, and railway is around INR 1,302 crores.

Power T&D and others account for INR 6,126 crores, which is approximately 41% of the total order book. The total EPC Building segment of INR 789 crores, which is 5% of the total order book and CGD comprises of around INR 39 crores. We have brought them all these EPC projects on the order book as financial closure could not happen or could not be achieved the government of Maldives and EXIM Bank. Let me reiterate that our focus remains to build sustainable EPC business in segments of highways, railways, power T&D and buildings. This is all from my side.

I will 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 investor presentation and the press release have already been uploaded on the stock exchange and the company website. I'm sure you must have had time to go through the same.

Now we'll present the financial results for the quarter and half year ended September 30, 2023. The total income for Q2 FY '24 stood at INR1,590 crores as compared to INR1,310 crores in the corresponding quarter last year, registering a growth of 21%. EBITDA for the quarter stood at INR172 crores with an EBITDA margin of 10.8%. The reported PBT stood at INR195 crores and PAT at INR71 crores.

For H1 FY '24, the total income stood at INR3,147 crores as compared to INR2,820 crores in the corresponding period last half year is seeing a growth of 12%. EBITDA for the period stood at INR268 crores and an EBITDA -- with an EBITDA margin of 8.5%. The reported PBT stood at INR117 crores and PAT is INR88 crores. Our debt-to-equity ratio stood at 0.38x as on 30 September 2023.

Coming to the consolidated results. The total income for Q2 FY '24 grew by 19% year-on-year to INR2,195 crores as compared to INR1,845 crores in Q2 FY '23. EBITDA stood at INR587 crores for Q2 FY '24 with a margin of 26.7%. Reported profit after tax is at INR119 crores in Q2 FY '24. For half year FY '24, the total income stood at INR4,169 crores as compared to INR3,761 crores in the corresponding period last year, registering a growth of 11%. EBITDA for the period stood at INR1,098 crores with an EBITDA margin of 26.3%.

The reported PBT stood at INR264 crores and PAT at INR191 crores. Total consolidated debt as on 30, September 2020 stood at INR7,200 crores, of which debt project debt is INR5,932 crores, NCD stood at INR200 crores at ECL level -- INR150 crores at ECL level. The stand-alone debt is at INR1,118 crores, which comprises of INR220 crores of equipment loan and INR898 crores of working capital loan.

On HAM projects, as mentioned in opening remarks by Mr. Parakh, we have received COD declaration for two sections of Tumkur-Shivamogga projects in

September '23 and October '23. Post that, the SPVs are now eligible for receipt of annuity payments from NHAI for the operations period of 15 years at the interval of every six months from the date of the achievement of COD.

Towards our duty division, during Q2 FY '24, it recorded a gross total collection of INR307 crores as against INR273 crores in Q2 FY '22 whereas in H1 FY '24, it recorded a gross store collection of INR624 crores as against INR550 crores in H1 FY '23.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My question was on what stage of government approvals have we secured for the Chennai ORR and the Jaora-Nayagaon project. Because it involves the Tamil Nadu Governor and the Central Secretary and the Madhya Pradesh Road Development Corporation. So at what stage of progress we have achieved till now on the government side on approving this divestment?

Satish Parakh: So we have received NOC for Chennai ORR but we are yet to receive a NOC for Jaora-Nayagaon project. So this NOC for Chennai ORR, we got after almost delay of 1.5 years. No, this has resulted in renegotiation with our JV partner on the price to be given to HAM, and that is now under process. Jaora-Nayagaon yet to get which we feel we'll get only after these elections are over and new government is formed.

Parikshit Kandpal: Okay. So Chennai ORR government approvals are in place. Now it's only the partner where we have to renegotiate on the valuation. And what about the lenders NOCs on the other approvals?

Satish Parakh: Lender NOCs are in place for Chennai ORR and Jaora.

Parikshit Kandpal: Okay. So Chennai when do you expect to close the deal and money coming in that's possible both on Chennai and on MGL for these two assets at least you can update us?

- Satish Parakh:** So we should be able to see something by Q4 end, we should be able to -- this gas definitely will go from our portfolio by this Q4. And Chennai ORR also we are trying to resolve with our partners to see how we can close this asset sale.
- Parikshit Kandpal:** Okay. And just on the HAM assets sale monetization. So we have been hearing every quarter and goal posts are now getting shifted. If you can update on what is the stumbling block here and it is being might be reported in media is coming, you also highlighted that H1 should have got closed at least in Q3. We should have got fund. So what's the status on approvals there? Where are we pass of negotiation? And when do we expect to close this deal?
- Paresh Mehta:** So on this, we are under discussions for the share purchase agreement with the potential investors. And -- there is a set of 11 projects, it's 11 project deals. So it has taken some time to close out on the SPA in the process and we should activate at the earliest.
- Parikshit Kandpal:** What are you looking at the Q3 now or we move into Q4 next year?
- Paresh Mehta:** We expect that SPA should happen before Q3 -- by Q3.
- Parikshit Kandpal:** Okay. just the last question on margins. I mean, you have not recovered our margins above 9% stand-alone basis. So is the worth of the margin behind us now and how we look at, as you had earlier highlighted towards Q4 moving to a double digits. So are we on track to achieve double-digit margin -- early double-digit margins by Q4?
- Paresh Mehta:** Yes. So as we had indicated in the last call, this couple of quarters we'll continue with this margins of approximately 8% to 9%. And then Q1 FY'25, we see recovery of these margins when a substantial portion of lower-margin projects will get over and higher margin purchase we takeover.
- Parikshit Kandpal:** So what kind of band you're looking from Q1 FY'25? Is it more like 10% to 11% or 11% to 12%?
- Paresh Mehta:** 10% to 11%.

- Parikshit Kandpal:** Okay. And that is the sustainable margin for us?
- Paresh Mehta:** And that would be our target even for our new project.
- Parikshit Kandpal:** And just lastly, on the BOT asset, sir, so what stage of like have you shortlisted potential investor last time you said that refinalized on nonbinding back up a thing and look at finalizing a couple of investors and proceeding bidding. So what stage are we now in the beauty on assets and when do we expect to close it.
- Paresh Mehta:** On the BOT assets, we are -- as indicated, we have received NPO offers and the potential investors have started diligence on the project. Some diligence. I mean just started, we should see some progress by Q3 on closure of the diligence and in Q4 by signing up some SBA.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar** The first question is that can you help us with the impact of interest cost, which you're providing for the SBI Macquarie exit?
- Paresh Mehta:** So it's approximately INR24 crores per quarter.
- Mohit Kumar:** Understood, sir. The second question is on the -- how is the work progress on this RDSS scheme specially for the Maharashtra. And what is our scope of work is it including buying Tata Smart, SCADA Laying waste etcetera. And also right the repayment, the payment profile -- are we getting paid on time? How are the receivables?
- Satish Parakh:** So Maharashtra and UP, MP, Bihar all these are RDSS project where -- these are distribution lines and transformer related projects. Nothing to do with SCADA or metering. These are regular distribution projects, which company had been doing last almost 1.5 decades.
- Mohit Kumar:** Understood, sir. My last question is how the tender -- so the payment front on the payment, are you receiving payment on time? How is it you experience with the compared to what did you last compared to what you used to do earlier? Is it better payment terms?

Satish Parakh: Yes. All these projects have just started, we have received mobilization advance in almost all the projects except the last few projects which were awarded in the last quarter. And billing also cycle seems to be quite efficient now.

Mohit Kumar: My last question is, how is the tender pipeline for NHAI. Are you expecting some increase in BOT tenders?

Satish Parakh: See, NHAI for EPC and HAM, though they have a pipeline, but this is continuously getting extended because nowadays all approvals are coming from Finance Ministry and finance committees. So the ordering is getting delayed. Though we see the pipeline, but continuous extension in the bidding dates is not resulting in any of the awards. Remains that EPC and HAM level.

BOT is what NHAI is exploring and they may come out with certain bridge very soon. They have identified around 20 projects. I don't know how many of them will really see the light of the day.

Moderator: The next question is from the line of Bhavya Shah from Sambhavana Securities. Please go ahead.

Bhavya Shah: So I just wanted to know on the three asset sales at Chennai ORR, which is Jaora Nayagaon and Mahanagar Gas. So do we have any specific deadline from close to aggregate these transactions?

Vibhor Singhal: See, no specific deadlines. These are taking their own time. Mahanagar Gas, now a period of was up to 30, September that lock-in has been over by 30, September. So we are expecting in the next Board meeting, we should clear this. After that, there are some CPs to be completed and transaction will get completed on Mahanagar. So there, we see certainty.

As far as Chennai ORR is concerned, we got NOC, but it was delayed by almost 1.5 years. Now since this deal in time-lapse, there has been some difference of opinion with the partners. So we have negotiated their part of the cost, which we have to purchase and then sell to NIF. So if this takes place mutually agreed terms, we should be able to close in Q4. As far as was

Jaora Mayagaon was concerned, we have still not received NOC. So only the new government we'll have to pursue with and maybe Q4 or early Q1, we'll get the NOC and we'll be able to complete the transaction.

Bhavya Shah: Understood. And my second question is on the order book. So when the post expense a lot of orders. Our order book has been little lackluster. So are we planning to address before more orders in the future? And what kind of order book it will be more of the fees or we are vetting towards the power higher margins.

Satish Parakh: So looking at order book, So when the whole sector is receiving a lot of orders our order book has been a little lackluster. So are we planning to address your bids for more orders in the future? And what kind of order could that be? It will be more of the row increase fees or we are pivoting towards the power to end the higher margins?

Bhavya Shah: So looking at order book our focus definitely will remain on highways. We would pursue our EPC and HAM projects and may also participate in some all the BOT projects of highways. Now these orders, we hope that next month, they should really pick up -- and we will be able to back good number of orders by March end.

As far as railways is concerned, they are also aggressive in coming out with a lot of projects, and we have now good foothold in railways where we have completed our Punjab project and other projects are also advanced stage of completion. So railways would be another focus for the company.

Power T&D, we have enough order book in our hand. So we'll not be aggressive in this sector, but if we get a good margin, definitely will participation will be there, and we will pick up some good orders. As far as building is concerned, it's a new segment. Our FDI project is moving as expected. And we do expect some orders in Building segment also in the coming future.

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

- Nikhil Abhyankar:** Sir, can you tell us something about the bidding pipeline that is there till March of 24, because after December, Jan most likely there won't be any orders given out. So how are we looking at it? And how much orders into are we targeting for this year?
- Satish Parakh:** So bidding pipeline wise, if you see NHAI and MoRTH is growing up around INR75,000 crores order book, which is a significant 3,600 kilometers around. And our target, we are expecting about INR4,000 crores to INR5,000 crores to bag all across sectors like roads, railways, power together.
- Nikhil Abhyankar:** Okay. And sir, on the railways, are there any more opportunities remaining in station redevelopment?
- Satish Parakh:** Station redevelopment, we're not participating yet. The development projects and connected to real estate projects, so we have not participated in these projects.
- Nikhil Abhyankar:** Okay. Okay. Understood, sir. And sir, any update on the NTPC project?
- Satish Parakh:** NTPC is moving well. We have almost procured all the modules and the erection is underway. Payments are also being done by NTPC in time. And they're also paying us reimbursement of custom duty. So NTPC moving as targeted.
- Nikhil Abhyankar:** So we should expect to make money in this project?
- Satish Parakh:** We have already booked loss on this project in last quarter. And this would remain the number will remain same.
- Parikshit Kandpal:** Okay. So no more profit no more losses from that project?
- Satish Parakh:** No, no more profit, no more losses.
- Moderator:** The next question is from the line of Dr. Amit Vora from The Homeopathic Clinic. Please go ahead.
- Dr. Amit Vora:** Sir, about the margins, you said the margins would improve from the fourth quarter or the first quarter of next financial year.

- Paresh Mehta:** Yes. On the first quarter of the next financial year.
- Dr. Amit Vora:** Financial year. Okay. Any target for this full year? Where do you see your in terms of sales?
- Satish Parakh:** So we should be able to grow by around 15%.
- Dr. Amit Vora:** 15% This year or next two, three years?
- Satish Parakh:** This year, 15%. Next year will, of course, depend on bagging of orders.
- Dr. Amit Vora:** Okay. Sir, railways is coming out with lot of big ticket projects in terms of this Bombay Ahmadabad and many other -- so any plans of going for railway projects or other projects of railways?
- Satish Parakh:** Yes, we are focused on railways, and we are working with various verticals of railways and railway would be a focus area along with highways going ahead.
- Dr. Amit Vora:** Sir, one last question about -- there was some complaints regarding some bribery. So can you update us on that, what is the status right now? And how will -- how will it affect the company or it will not affect any more?
- Satish Parakh:** See, there is a status quo on this issue. Nothing has really moved in last quarter. And it's really not affecting company in any way.
- Moderator:** The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** A couple of questions. One clarification. The previous participant you mentioned 15% number. So this was regarding what, sir?
- Vibhor Singhal:** 15% growth this year is what is -- the guidance we're giving. Revenue top line.
- Vishal Periwal:** Okay. Sure, sir. And in the Power T&D, can you give some color, like what is the execution time frame for these orders? Are they short cycle order or I mean -- like similar to what road sector like little long period order? Can you give some color?

- Satish Parakh:** Most of the orders are two years' time, right?
- Vishal Periwal:** Okay. And I mean, like since I mean, we are getting LOA from that one should consider a two-year kind of execution for these orders?
- Satish Parakh:** Yes. These are all from LOA dates.
- Nikhil Abhyankar:** Okay. Okay. And one color on this awarding for the road sector. I think you did mention like it has been weak. But even in terms of execution and then I mean construction side, are you seeing any stress or probably increase in the receivables? Because there again, like the role of finance industry also comes in. So any delay on that front, are you seeing for us for the sector?
- Satish Parakh:** See, execution while NHAI is doing well. We are also doing very much with their expectations. So execution wise, there is no challenge. Payment wise, there is no challenge as far as NHAI is concerned. They are paying very much in time.
- Moderator:** We have next question from the line of Vasudev from Nuvama. Please go ahead.
- Vasudev:** Sir, whatever pending equipment commitment? And how much is the infusion to FY '24, '25 and '26?
- Parikshit Kandpal:** I could not hear you. Could you go again?
- Vasudev:** Sir, I was asking about pending equipment commitments and how much do we plan to infuse in H2 of FY '24 and '25 and '26?
- Paresh Mehta:** So by the end of '23, '24, our equipment commitment pending is INR147 crores and for '24, '25, INR56 crores, these are for the HAM projects. Totalling approximately at INR200 crores.
- Vasudev:** Okay. Can you help me with the segmental revenue break-up for Q2?
- Paresh Mehta:** Yes. So this being a lean quarter because of rains, the EPC road revenue was INR872 crores. Power was INR405 crores. Railways was INR173 crores. PCD was a small amount INR6 crores, and other sector was approximately INR63 crores. Over and above that, RMC business was around INR38 crores.

Vasudev: Okay, sir. And sir, just one clarification. So you said that you're getting to INR4,000 crores to INR5,000 crores of order win. So that is incremental order wins for FY '24 or for the full year?

Ashish Shah: That is incremental order we are targeting.

Vasudev: Okay. Sure, sir. And just one last question from my side, what is the capex that we did in Q2? And how much are you planning for the full year?

Paresh Mehta: The capex for up-to-date was around INR79 crores and maybe the pending capex would be approximately INR15-odd crores for March '24.

Moderator: The next question is from the line of Devam Modi from Ardeko. Please go ahead.

Devam Modi: Yes, sir, just we have seen a high year-on-year traffic. I mean the collection growth rate in Bhandara, Durg, Jaora-Nayagaon and Sambalpur. If you can just explain the reasons for this sort of double-digit plus toll collection growth rate in the last couple of quarters in these four projects?

Paresh Mehta: Actually, this is the impact of economic growth, no specific reason for this growth. Of course, if you see revenue rise in the Jaora-Nayagaon project was 7%. That is toll rate rise. And in Bhandara and Durg, it was almost 9%. So keeping that apart and probably in the -- and also in the NHAI projects, approximately 5.3%. So keeping that aside, that these growth rates are more from the industry pattern, which is there. No exceptional impact.

Devam Modi: And would it be fair to say that the environment for toll roads in terms of economic environment in terms of the way of traffic growth and all those things have been there in the last one year to 1.5 years. plus the kind of multiple factor facing in the private markets or on the -- I think the first for toll roads, one of the other private for toll roads is also out with Cubes, InvIT. So would it be better to say that the valuation environment as well as the economic environment, both have improved much more after the cancellation of the deal with KKR?

Paresh Mehta: Technically, there is a lot of interest for looking at BOT projects, toll-based projects. and traffic for the last two years typically also indicate high growth

in the traffic revenue. So interest is there, and I -- and also government also is intending to take out projects, a few on BOT projects, which we don't -- we need see the light of the day, but there is interest in people to buy BOT assets.

Devam Modi: And we understand that in Belgaum, Dankuni, Jaora and Sambalpur, I mean what you have shown in the presentation that we have premiums which are payable -- so what would be the current year premium because it's a 5% escalation from appointed date in each of the projects. So what be the current year cumulative premium that you have to pay in all these four projects?

Paresh Mehta: Approximately INR200 crores in Dankuni and around INR65 crores in Belgaum.

Devam Modi: And the other two will be much smaller, right?

Paresh Mehta: Is there is nominal. It was INR1.8 crores.

Devam Modi: Okay, sure. And would there be any major threat on the traffic on the Jaora-Nayagaon, traffic on any alternate road or spreads would be coming up because that used to be a big thing industry to NHA transfer. So now how should I look at it? And I mean, what kind of sort of longevity should that road have? Any thoughts or flavor you can provide on that front?

Paresh Mehta: See, over the years, we have seen that the traffic, though, there are alternative routes coming in, but traffic has generally been increasing. So we don't see a significant set. There will be some shift in traffic off and on, but I think so we should expect typical growth of 6% to 7% traffic growth, 5% to 6%.

Devam Modi: Sure. And I understand you give updates on the sale of Chennai-ORR and Jaora-Nayagaon in terms of the status of the NOCs and the probably renegotiation with the partner. Any update on Unison Enviro with regards to the where the sale is ongoing right now?

Satish Parakh: Yes. So we have -- the lenders have already cleared NOCs from their side. We are waiting for PNGRB their lock-in period has already expired on 30,

September. And the NOC is already lined up with PNGRB board. So we should get that by before the month end. And then we should try to conclude the transaction in the next month or latest by Jan.

Devam Modi: All right. Sure, sir. And just an import that we have seen multiple other similar peers to you who have announced transactions of similar kinds of assets, probably higher or lower in complexity. But somehow those transactions are consummated much faster. So any learnings or any particular things that you would like to highlight by some of what transaction are taking much longer, or anything you feel is affecting our consummation of transactions?

Paresh Mehta: No, I would not be able to compare time lines to any other peer because everybody starts at a particular angle and closes. I don't know how many actual SPAs have closed at this moment. People are in discussions on diligence as well as SPA. We believe that our SPA discussions are going on that. In view of 11 transitions definitely it takes more time because each project has its nuances and closing takes some time. So it has overshoot our estimate, but I think we conclude in this manner.

Moderator: The next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: Sir, just a couple of questions. Firstly, on the stand-alone debt, if we sort of during the first half, we have seen a sharp increase in the stand-alone net debt per se. How do you look at it by the end of this year, assuming that, let's say, the MGL transaction is done, but -- and other -- and possibly Chennai-ORR transaction is done, what should the debt should and that for this year at the stand-alone level?

Paresh Mehta: So we, at the stand-alone level are approximately at around INR1,100 crores by the transition on Unison, which we consider, I think so we should end up with a working capital debt in the range of INR750 crores, INR800 crores around.

Anupam Gupta: Okay. And then so this doesn't include any closure of the Chennai-ORR project for this year, right?

- Paresh Mehta:** That comes in approximately another INR200 crores will definitely go down.
- Anupam Gupta:** Okay. Understand. And sir, secondly, on your execution side of 15% growth, is there a risk to that 15% growth are any projects running slow? Or how do you look at it for this year?
- Paresh Mehta:** Currently projects are on steam. The power projects because they started off late, I think so they will take more steam. So we are -- probably at this moment time, we are comfortable in estimating a 15% growth.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.
- Vaibhav Shah:** What is the update on the MCGM water treatment process? How has been the execution so far?
- Satish Parakh:** So execution on this project in monsoon was held up. Now it has restarted in footprint and we should be able to complete in targeted right lines. It's moving well.
- Vaibhav Shah:** Okay. And sir, for the Maldives order, so we have the cancel the order or still we hope for any status update on the project, any progress on the same?
- Vibhor Singhal:** We have dropped from the order book, but we do not know how the relations between India and Maldives will play out and this order can get revived. We have no -- there is no cancellation or termination of this order. But the FC between Exim Bank and government of Maldives has not taken place. So now the chances have gone a little weak of getting this FC done.
- But if it gets done and the order is definitely, we already have a corner in place. But for the FCs not moving. So if it happens between Exim Bank and government of Maldives, then definitely, we'll have the order. Otherwise, it will get terminated. As of now, it's still live.
- Vaibhav Shah:** Okay. Sir, and lastly, on the Guyana order, we saw a strong execution in the second quarter. So we expect the run rate to be maintained in coming quarters?

- Satish Parakh:** Yes. This last quarter, they did not had monsoon, now this quarter, there will be a monsoon. So though progress will be there, but the run rate may little vary.
- Vaibhav Shah:** Okay. And you already received the 10% mobilization in advance, right?
- Satish Parakh:** Yes, we have received it on time. There's no issue.
- Moderator:** The next question is from the line of Akhilesh B, an Individual Investor. Please go ahead.
- Akhilesh B:** Congratulations on strong set of numbers. I had a few questions, sir. First question was, what is the kind of margins that we will get on the T&D part of our order book?
- Paresh Mehta:** 10% to 11% is the EBITDA margins which we expect in the T&D order book.
- Akhilesh B:** Okay. And how is the competitive intensity in this segment? Or is it better than the intensity within the road business or...
- Satish Parakh:** No, we do have competitive intensity. There are 8 to 10 players in every bid. But there is a competition in this segment.
- Akhilesh B:** Okay. And sir, second question is, as you also alluded that the performance of the DoT assets has been improving. And so we've will expect a better valuation this time around when we close the deal. So ballpark, what kind of valuations are you expecting for the BoT assets, given the HAM asset?
- Satish Parakh:** No, it's very difficult to specify a number to all this because negotiations are underway.
- Akhilesh B:** Okay. And any thoughts on entering the water EPC space also that seems to be a segment which has higher margins in our traditional segments. As in you have some thoughts to that?
- Satish Parakh:** We have not explored this yet.
- Moderator:** The next question is from the line of Faizal Zubair Hawa from HG Hawa & Company. Please go ahead.

Faizal Hawa: I mean in the road segment, why do you feel your overall order inflow or the tendering has been so slow. Is the NHAI facing some kind of a problem in land acquisition or in funds or is there something more to it than meets the eye. And what is the kind in the HAM projects, you feel that we are bag at least INR4,000 crores to INR5,000 crores more orders, just our balance sheet allow that kind of a levy?

Satish Parakh: So as far as NHAI is concerned, of course, land acquisition has been challenging throughout and it's -- the challenge remains as it is. In addition to that, the approvals have now moved from earlier, INR1,000 crores and below were approved at NHAI level now they have moved to standing financial committee. So this does get delayed looking at the priority of project and status of land acquisition.

As far as bagging orders concerned, yes, we are expecting good amount of orders to be released by NHAI, which have been continuously extended, but now they'll see the bidding process definitely, we'll have our share of take in this.

Faisal Hawa: And sir, regarding the opportunity in the water segment, do we have any plans to really enter it or kind of..

Satish Parakh: We are already doing 1 project or Bombay Municipal Corporation. So on completion, we'll have our own qualification and then we can move ahead in this segment as we are moving in other EPC segments.

Faisal Hawa: And sir, since the new generation of the families also taking over the company, is there any plan to really improve our ROE, ROCE metrics so that finally, we get the market cap that a company which has been in business for almost more than I would say, three decades, deserves and kind of mission-critical work also that we have done, but the market doesn't recognize that because we talk of our low return on equity metrics. So is there any work that the major nation is integrating into the company to get that sorted out?

Satish Parakh: Yes, new generation is there now in business last 1.5 decades almost. And we are taking care of the entire international business as well as part of the

India business. As gas was one of the new generation initiative, which they very successfully completed, and we are getting a successful exit also. So there are new areas which are being explored and definitely will come to you when...

Faisal Hawa: How will we really improve our ROCE and ROE metrics?

Paresh Mehta: So on the return expectations and the business of EPC will continue the way it is. Of course, looking at newer sectors, we'll definitely bring in better margins and which should improve the return on capital. Also in view of the monetization of assets and opportunity available for return of capital to the investors. Again, ROC could get a bump up because EPC business would continue the way it is continuing and we'll grow over a period of time.

Moderator: The next question is from the line of Bharani Vijaykumar from Spark Capital.

Bharani Vijayakumar: Yes. So in your opening remarks, you mentioned that the most awarding for the full year FY '24 will be around 9,000 to 9,500 kilometers down from earlier year number of 12,375. So essentially, we are expecting a different total awarding by NHAI compared to last year. And that would be related to the delays and extensions we are seeing. Is that a fair assumption? .

Satish Parakh: Could you just repeat your question.

Bharani Vijayakumar: Yes. So in your initial remarks, you mentioned down from last year is fully a number of about 12,000. So essentially, there will be a different awarding activity compared to last year.

Satish Parakh: This is what we feel from the existing numbers -- and the delay which is happening in the order. This is our estimate.

Bharani Vijayakumar: That's what. So your estimate. Okay. Okay. Okay. So will that mean that maybe the spillover would have a positive impact on FY '25 number?

Satish Parakh: It should have because government is focused on building good infrastructure, they have capital allocation. But awarding is a bit slow, which should improve in the next year.

Bharani Vijayakumar: Okay. So specifically...

- Satish Parakh:** There to put up a good amount of infrastructure.
- Bharani Vijayakumar:** Okay. Specifically from NHAI, how much you expect of this 9,000 to 9,500 NHAI component...
- Satish Parakh:** It is a combination NHAI and MoRTH together.
- Bharani Vijayakumar:** So NHAI alone, would you have an estimate?
- Satish Parakh:** No specific estimate or they have around 6,000 kilometers of pipeline already declared, which is in the award stage.
- Moderator:** The next question is from the line of Ashish Shah from JM Financial.
- Ashish Shah:** Sir, I have a question on the operating cash flows and working capital. So while we have been growing over the last couple of years, it rapidly -- but we've also seen the working capital and otherwise at that level also go up. So we think at some point of time, this working capital starts unwinding because then at some point of time, this can put a break on the growth, right?
- Because if the debt keeps on increases with every growth, then at some point, they'll have to be great on the road. So you think there can be a sizable unwinding on the working capital and improvement in the operating cash flow?
- Paresh Mehta:** Yes. So there will be unwinding which will be happening over a period of time coming to quarter 2, 3 quarters. Also, in the new businesses, which we have started where payments are back ended, that uniting also will happen. So we should typically come down at -- from these levels to a lower level of working capital requirement for a particular tenor.
- Ashish Shah:** And sir, currently, I mean, if you look at your mix of working capital today, which pockets have the maximum working capital and where you are relatively better up? So these segments are relatively higher and we are going to be lower? .

- Satish Parakh:** So definitely, the exposure on the road is higher from a working capital requirement because exhibition is higher. And the next comes at power and railway.
- Ashish Shah:** And that would be true in terms of like number of days as well? Is the number of days of working capital more for your road segment versus the power T&D?
- Paresh Mehta:** So I think the road cycle would be slightly lower than the power.
- Ashish Shah:** Okay. In terms of days of working capital?
- Satish Parakh:** Yes.
- Ashish Shah:** Okay. Sir, also, you mentioned the equity investments we need to make in hand. Are the 5 BOT assets on their own completely? Or they also need some additional support in the form of loans.
- Paresh Mehta:** Nothing very significant was a project which we used to require funding. But today, it's all the refinance and that is taken care of.
- Ashish Shah:** Yes. So sir, I think there are no more questions in the queue, so we can end the call. So on behalf of JM Financial, I'd like to thank everyone for participating in this call. Also, thank you to the management for allowing us to host the call. And sir, over to you for any closing remarks.
- Paresh Mehta:** We thank all the investors who have been joined on this call. We are open for question answers and one-to-one interactions for any queries you have on the financials and the company's operations, through us or through our investor advisors, SGA Advisor. Thank you.
- Satish Parakh:** And we wish you all the very happy and prosperous Diwali.
- Moderator:** On behalf of JM Financial, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.