



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**

**Scrip Symbol : ASHOKA EQ.**

August 17, 2023

**Sub: Call Transcript**

Please find enclosed herewith the revised copy of transcript of the Earnings Call held on August 11, 2023 in respect of Unaudited Standalone and Consolidated financial results for the quarter ended June 30, 2023 due to inadvertent typing errors.

Kindly take the matter on your record.

Thanking you,

For **Ashoka Buildcon Limited**

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



Ashoka Buildcon Ltd.

“Ashoka Buildcon Limited  
Q1 FY2024 Earnings Conference Call”

August 11, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11<sup>th</sup> August, 2023 will prevail



Ashoka Buildcon Ltd.



**ANALYST:**                    **MR. MUDIT BHANDARI - IIFL SECURITIES LIMITED**

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



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*August 11, 2023*

**Moderator:** Ladies and gentlemen good day, and welcome to the Q1 FY2024 Earnings Conference Call of Ashoka Buildcon Limited hosted by IIFL Securities Limited. This conference call may contain forward looking statements about the company which are based on the belief, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involved risk and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mudit Bhandari from IIFL Securities Limited. Thank you and over to you, Sir!

**Mudit Bhandari:** Thank you Rico. Good afternoon everybody, on behalf of IIFL Securities I welcome you all to the first quarter FY2024 earning confidence call of Ashoka Buildcon Limited. We are pleased to have with us Mr. Satish Parakh, Managing Director and Mr. Paresh Mehta, Chief Financial Officer of the company. Firstly we will have opening remarks by the management followed by question and answer session. Now I will hand over the call Mr. Satish Parakh. Over to you sir.

**Satish Parakh:** Thank you Mudit. Thank you, good afternoon everyone. I would like to extend warm welcome to everyone on this earnings call for the quarter ended 30th June 2023. I have Mr Paresh Mehta our CFO and SGA our investor relation partner along with me on the call. Let me start by the sector update. Year to date FY2024 NHAI road construction standard 844 kilometers compared to 863 kilometers in the same period last year in FY2023. The average length of roads constructed by MoRTH per day was 30.1 kilometer. If the present momentum in the construction of road continues reports indicate that the average length of roads constructed per day will jump to 33 kilometers in FY2024. To followon, NHAI and Ministry plans to award 8700 kilometers or highways requiring over 1.5 trillion investment in current fiscal under the hybrid and efficient with the share likely to be 65% HAM projects and 35% EPC projects. On our project fund let me share and update, in the last month of April 2023, company has received letter of awards for power distribution infrastructure development on seven circles in the state of Maharashtra from MSEDCL Maharashtra State Distribution Company Limited for an accepted contract value of 2285 Crores. The seven circles are Latur, Nanded, Gadchiroli, Nashik, Akola Buldhana, Hingoli and Malegaon. Work has started in most of them from July onwards. On asset monetization, during the previous year the company entered into a share purchase agreement with Mahanagar Gas Limited for the sale of 100% stake in



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Unison Private Limited, a subsidiary of the company where we expect to close the transaction by October 2023. Additionally, we are awaiting NOC from TIDC for our Chennai ring road and expect the transaction to close by October 2023. Also the previous year ACL and Viva Highways limited had entered into HP for sale of their stake in Jayaswals company private limited a subsidiary of Ashoka Buildcon and we expect the NOCs for the transaction and expect to close this transaction by December 2023. On our HAM portfolio, we are in advance stage of signing SPA for 11 HAM projects and we expect the transaction closure for seven projects where we already have pre COD by December 2023, so about seven projects of HAM, we are expecting to close by 2023 and for two projects by March 2024 and balance two projects by December 2024. On five BOT toll projects, we are engaging with potential investors and intent to close the transaction by March 2024. Coming to the order book status, as on 30th June 2023, our balance on the book stands at 16,920 Crores. The breakup of the order book is, for roads and railway project comprise around 8,669 Crores which is 51% of the total order book. Among the road projects, HAM to the tune of 1,455 Crores. EPC projects to the tune of 5,802 Crores and railway is around 1,412 Crores. Power T&D and other accounts for 6,060 Crores which is approximately 36% of the order book. This also includes project awarded in MSEDCL as mentioned earlier. The total EPC building segment is Rs.2,179 Crores which is 13% of the total order book and CGD comprises of around 12 Crores. Let me reiterate that a focus remains to build sustainable EPC business and HAM business in highways. EPC in railways, Power T&D and buildings. This is all from my side. I would now request Mr. Paresh Mehta to present the financial performance for the quarter. Thank you.

**Paresh Mehta:**

Good afternoon to one and all present on this call. The presentation and press release for the quarter have been uploaded on the stock exchanges and the company's website. I am sure you must have had the time to go through the same. I will now present the financial results for the quarter ended June 30, 2023 starting with the standalone numbers. The total income for Q1 FY2024 stood at INR 1557 Crores as compared to Rs.1510 Crores in corresponding quarter last year, registering a growth of 3%. EBITDA for the quarters was Rs.96 Crores with an EBITDA margin of 6.1%. EBITDA margins have been impacted and subdued mainly due to inflationary pressures and one time provision taken related to execution of our solar plant, power plant project which is on EPC basis amounting to Rs.56 Crores. The reported PBT stood at 22 Crores and PAT at 16 Crores. Our debt to equity ratio stood at 0.34 times as on 30th June, 2023. Coming to the consolidated results, the total income for Q1 FY2024 grew again by 3% year on year to Rs.1973 Crores as compared to Rs.1916 Crores in Q1 FY2023. EBITDA stood at Rs.511 Crores for Q1 FY2024 with a margin of 25.9%. Reported profit after tax is at 72 Crores in Q1 FY2024.



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In FY2023, the company ACL Viva Highways and SBI Macquarie had entered into an agreement to elaborate on the terms of assisting relation to the exit options to the investors and towards the obligation assumed by the company which may be discharged to the sale of restructuring of identified assets based on terms of the sale agreement including the subsequent extension letters signed between the party, the company has recognized the liability of 25 Crores of finance cost in current quarter and 72 Crores as an exceptional item in the previous year. On one of the ACS BOT projects, Sambalpur Bargarh road project, we have done refinancing with SBI against our current loan, this refinanced amount based interest cost of 9% per annum against the current interest rate of 11.7% within additional debt on 72 Crores for funding of the major maintenance cost and the deferred principle payment with the corporate guarantee of Ashoka Buildcon. This will enable the project to have cash flow stretch for another eight years and still there will be a date period for the project of three years. Going to the BOT division, during Q1 FY2024 it recorded a gross total collection of 317 Crores as against Rs.281 Crores in Q1 FY2023 with robust revenue growth of 13% split as 5% as toll rate rise and traffic growth of 8% and comparatively 310 Crores in Q4 FY2023. Total consolidated debt as on 30<sup>th</sup> June 2023 stood at Rs.6,978 Crores of which project debt was 5,840 Crores. NCD stood at 150 Crores at ACL level. The standalone debt is at 988 Crores which comprises of 132 Crores of equipment loan and 856 Crores of working capital loan. With this we can open the floor for question 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 Ashish Narendra Shah from JM Financial Limited. Please go ahead.

**Ashish Narendra Shah:**

Hi thank you for the opportunity. Sir you did talk about some 25 Crores some provision in related to one of the assets but I missed it if you can just elaborate a little bit on that part 25 Crores recognition of liability and also about some refinancing in Sambalpur if you can just again discuss the same?

**Paresh Mehta:**

So one subject was the provision of 24 Crores which was related to the carry amount payable to SBI Macquarie on 1200 Crores of basic exit amount which is to be paid to Macquarie, so this is on the carry cost to be paid to Macquarie along with 1200 Crores of which another 72 Crores already provided in the previous year, March 2023, so total stands at 96 Crores plus 1200 Crores payable to SBI Macquarie. On the second aspect, Sambalpur Bargarh project, which is our project where there is a lot of funding support was done by Ashoka Buildcon in the past years has been now refinanced with another banker, State Bank of India wherein the interest has been reduced to 9% per annum and



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also the repayment schedule has been stretched by another 8 years thereby resulting into sustainance of the project from a cash flow perspective so that it will not require any support from ABL and there will still be a three years retail left out and another extension of the toll concession period for this project based on target traffic which is approximately six years so this is the net sale on the Sambalpur project. On the provisioning of, so you can go ahead?

**Ashish Narendra Shah:** No, no please complete.

**Paresh Mehta:** I think so another related question which you are talking about provisioning of expenses, I think so you referred for the provisioning of expenses on the solar project of 56 Crores which is a one-time hit which has been taken on the P&L for the project as a whole the project we get over by March 2024 so going on further whatever revenue is recognized in the coming quarters. There will be no impact on the P&L account on the same.

**Ashish Narendra Shah:** Right so this 24 Crores liability that we carry on to SBI Macquarie this is part of which line item is there in consol or standalone accounts.

**Paresh Mehta:** It is on the consol.

**Ashish Narendra Shah:** It is on the consol right and as far as Sambalpur is concerned you did also mention something about corporate guarantee so did we say that we do not have the corporate guarantee after the refinancing or that thing still?

**Paresh Mehta:** No so we had an undertaking even in the past which has been now treated as a corporate guarantee for the project so presently there is a corporate guarantee for Ashoka Buildcon.

**Ashish Narendra Shah:** Got it sir right also coming back to the order book if you can just give some clarity on when do we expect some of our international projects to start execution especially let us say Maldives or Bangladesh or when do we expect that part of the order books to start moving?

**Satish Parakh:** So Bangladesh we have already started in last quarter and Maldives we are expecting to get the final order in this quarter.

**Ashish Narendra Shah:** Okay.

**Satish Parakh:** Gana is already working, Benin is also started.



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- Ashish Narendra Shah:** Got it sure sir. Thank you I will come back if I have more questions thank you.
- Moderator:** Thank you. Our next question is from the line of Harshil an Individual Investor. Please go ahead.
- Harshil:** So I just like to know the exact amount of one time provision that is done for the power projects?
- Paresh Mehta:** That is 56 Crores.
- Harshil:** 56. Okay and sir regarding the old road which we have already sold and what is the process so when we expect it to be completed for Chennai and one I just missed the name, can you just?
- Satish Parakh:** Chennai are we expect to close by October'23 and Jaora-Nayagaon by December'23.
- Harshil:** Okay and all this amount that we are about to receive, can we expect that this will be used to exit the investors that we have in arrear?
- Satish Parakh:** Yes. This all amount will go to Macquarie's exit.
- Harshil:** Okay. Thank you.
- Moderator:** Thank you. Our next question is from the line of Narendra an Individual Investor. Please go ahead.
- Narendra:** Yes, thanks for the opportunity. I would like to know more about the interest cost and as to why it has gone up this quarter from the usual 290 Crores to 320 Crores.
- Paresh Mehta:** Basically, the interest rates in the past one year have increased from almost repo rates have increased from 4% to 6.5% this being the major impact. Second, also our utilization in the working capital has been higher vis-a-vis execution. So from that perspective in the last 6-8 months the execution is high from that perspective the interest cost rate increased. Also in the mobilization advances which we receive from the client we have almost 600 Crores of interest bearing mobilization advance which is part of this 51 Crores.
- Narendra:** Okay and what kind of topline growth are you expecting this year and what kind of order inflows are you expecting?



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**Satish Parakh:** So, order inflow has been weak in the first quarter. So in balance we expect around 5000 to 7000 Crores which we have we have reduced from 6000 to 8000 Crores to 5 to 7000 Crores and topline growth we see around 15% this year.

**Narendra:** Okay. Thank you. All the best.

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

**Parikshit Kandpal:** Sir my question is this 75 Crores of financial cost, so this will keep coming every quarter until the Macquarie 1200 Crores is paid?

**Satish Parakh:** Can you just repeat?

**Parikshit Kandpal:** This 75 Crores of financial cost we have taken on that SBI Macquarie 1200 Crores of outstanding, so this will keep coming every quarter until we repay this amount to them?

**Paresh Mehta:** Right.

**Parikshit Kandpal:** On this solar project, now you said that all the provisions entire cost overruns, so is it right to assume that we would not be, I mean we will not be breaking even. So now the project is breaking even we will not be making any margins and on our standalone basis, our margins have come back to 8% and then eventually move to double digit by fourth quarter.

**Paresh Mehta:** Yes, fourth or 2024-2025 somewhere in that, depending on execution, but you are right.

**Parikshit Kandpal:** On BOT monetization, so what is the stage of monetization right now and do you expect that the valuation which can be last time we think we can better than valuation in this round?

**Paresh Mehta:** Right. On the five BOT projects, we the amount which was indicated in the last deal it does not have a carry in that and traffic revenue also has been far better than what was estimated in the sale model. So we expect a substantially good price over and above the offered price in the last process.

**Parikshit Kandpal:** Sir just the last questions on the HAM project so this monetization of 11 assets, so when do you expect to sign the SPA because this has been for quite some time in the media and





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some valuation that have been talked of. What kind of realistic timeline we have to sign the SPA?

**Paresh Mehta:** So in the next, two to four weeks which we expect to sign out the SPA.

**Parikshit Kandpal:** Ok and generally the valuation should be in line with the recent deals upwards of like anywhere from 1.5 to 1.6 of book value?

**Paresh Mehta:** Yes, that should not be a challenge.

**Parikshit Kandpal:** Okay sir and what will be the total value of all these 11 assets in terms of equity investment?

**Paresh Mehta:** So fully invested approximately 1200 Crores.

**Parikshit Kandpal:** So including the PIM part or excluding the PIM part.

**Paresh Mehta:** Excluding the PIM part.

**Parikshit Kandpal:** So how do we read the pin part in this so when we arrive at the multiple we add the PIM part or it should be excluding the PIM part, which is 1200 I think and you have an 300. What will be the PIM part over and above this 1200 Crores.

**Paresh Mehta:** No, so whatever realization will happen, will be compared to what we have been invested, the PIM part is not invested.

**Parikshit Kandpal:** 1200 will be measured on the 1200 Crores of investments which we have done in these assets?

**Paresh Mehta:** Yes.

**Parikshit Kandpal:** And what will be the balance equity requirement of these 11 assets?

**Paresh Mehta:** 170 Crores.

**Parikshit Kandpal:** 1370 will be the total equity investment so the deal valuation will happen on that?

**Paresh Mehta:** Yes.

**Parikshit Kandpal:** Thank you and all the best. Those are my question.



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**Moderator:** Thank you. Our next question is from the line of Rohit Natarajan from Antique. Please go ahead.

**Rohit Natarajan:** Thank you for this opportunity. Sir, could you just guide us I understand there were some of one off in the EBITDA margin at this standalone level, what will be the secular normalized EBITDA margins going forward?

**Paresh Mehta:** Going forward for the next two to three quarters, the EBITDA margins would be in range of 8 to 8.5% and post FY2024-2025 then it will be go back to numbers like 10- 10.5%.

**Rohit Natarajan:** My second question is on the transaction of the 11 assets. In the classification of consolidated debt I see that the consolidated debt asset held for sale which is for the old transaction that we are talking about the five assets, right 51 billion that I see the figure, 5104 Crores?

**Paresh Mehta:** I did not gather, what was the question?

**Rohit Natarajan:** The project debt of asset held for sale. This is attributable to the old transaction of the SBI Macquarie transaction, the KKR deal that did not take off?

**Paresh Mehta:** The total debt on the books including HAM projects, BOT projects and annuity projects together is approximately 5640 Crores.

**Rohit Natarajan:** Okay. Apart from that when you say standalone debt, project debt and CD's is all put together close to 7000 Crores but when I look at the project debt excluding asset held for sale is 1800 Crores. For asset held for sale is 5100 Crores so this one is the one that we are talking about the BD?

**Paresh Mehta:** So the 1800 is pertaining to three assets, the assets which are still under construction which are under ABL under construction.

**Rohit Natarajan:** I got it. So finally the distribution circle order, if you could just help us understand what this project is about. The Maharashtra circles?

**Satish Parakh:** So Maharashtra has come out with this RDSS scheme which are completely centrally funded projects for 2285 Crores is what we have received orders and these are to be completed in timeline of 24 months.

**Rohit Natarajan:** How will the margin profile would look like?



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- Satish Parakh:** So these are at normal margins, so here will make EBITDA of 10% plus.
- Rohit Natarajan:** Sure. Thank you. That is it from my side.
- Moderator:** Thank you. Our next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.
- Nikhil Abhyankar:** Thank you Sir. Just a clarification. Sir you have mentioned the revenue growth of 10% order inflow of 5 to 6000 Crores and margins 8.5%. So I wanted to understand why exactly are our margins going up because everyone else is a flat or improving on their margins?
- Paresh Mehta:** For the past two to three quarters, the margins have been down basically some projects which have been taken during COVID period and at a competitive price and another reason being that cost escalation, which was compared to what we had bid for way back in 2020. So this is the impact of the margins of being lower. Going forward we expect and whatever bids we have done post 2022 these are typically at fair margins in the range of 10 to 11%.
- Nikhil Abhyankar:** So FY2025 should we expect around double digit margin?
- Paresh Mehta:** Yes.
- Nikhil Abhyankar:** Sir what exactly the reason for reducing the order inflow target, are we?
- Satish Parakh:** See have seen NHAI bidding not happening in last four or five months, actually, April, May there was absolutely no bidding and June, July we have seen, now July has picked up bidding activity. Again, the election maybe like announced in February or March, so we see four- five months of bidding cycle going ahead.
- Nikhil Abhyankar:** Okay and sir we have also participated in the...
- Satish Parakh:** Aggression in the market again remains, so certainty of bagging bids is also not there. As we see lot of players and lot of cut throat competition.
- Nikhil Abhyankar:** But sir at least in the transmission segment, I guess some visibility over the medium term this year as well as next. So anything over there?
- Satish Parakh:** Yes, in distribution sector, we do expect another lot of orders.



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**Nikhil Abhyankar:** Same transmission?

**Satish Parakh:** And some in private sector.

**Nikhil Abhyankar:** Okay.

**Satish Parakh:** If all this put together will range between 5000 to 7000.

**Nikhil Abhyankar:** Understood. The proceeds from the sale Jaora Nayagaon, will they be used to set SBI Macquarie?

**Paresh Mehta:** Yes, so whatever the intent is that whatever of monetization money comes in first will be utilized to give exit to Macquarie and then applicable on the balance sheet for ABL to use.

**Nikhil Abhyankar:** So for next two quarters we take a hit of 25 Crores.

**Paresh Mehta:** Yes. Each.

**Nikhil Abhyankar:** Thank you and all the best.

**Moderator:** Thank you. Our next question is from the line of Bhavya from Sambhavna Securities. Please go ahead.

**Bhavya:** Hello Sir so just wanted to know whether we have any plans to monetize any other assets and what would the time frame when would it be up for monetize and how many assets?

**Paresh Mehta:** So we do have a land pool available and we are looking at monetizing that asset. A couple of transactions we already entered into and where the money are being released slowly on a periodical basis through our joint development agreement where we are just the land provider and getting it for the land. It is a slow process and other chunk of land other pieces of land as and when opportunities available we will monetize.

**Bhavya:** Understood. Thank you.

**Moderator:** Thank you. Our next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian:** Thank you so much for taking my question sir. I just want to understand our current order book around 16,920 Crores like I just wanted to understand the margin profile of HAM,



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EPC, power and railways what will be the margin difference if you could throw some light on that?

**Paresh Mehta:** So it is mix of certain projects where the range of margins could be in the range of 6.5-7% to 9.5-10%, so various projects are at various pricing levels. On road sector typically the existing range of margins in the range of 8.5-9% and on the railways also in the range of 8.5%-9%. In the power in the range of 9% and other projects in the range of 6 to 7%. They are smaller project and on the building side definitely the range is 10-11% but execution will come over a period of time.

**Balasubramanian:** Got it sir. Thank you, Sir.

**Moderator:** Thank you. Our next question is on the line of Prem Khurana from Anand Rathi Shares. Please go ahead.

**Prem Khurana:** So my question was with respect to the agreement that were restructured with SBI Macquarie where in there is carry that would have to pay now till the time the transaction are closed, so is there any cap in terms of what to what extent that amount could go to the last time so original agreement that we had capped the number at 1575 odd Crores and as I see it is I think 72 is what we provide last year and 24 providers, there is almost 1300, this is reflecting in the balance sheet now as a liability, so I mean is it there is no cap on this number or this is again get the cap at 1575 the original amount that was there and what is the coupon order to carry that you are paying at 8% or 9%?

**Paresh Mehta:** So, the cap of 1526 Crores which was there continues to exist.

**Prem Khurana:** Okay.

**Paresh Mehta:** and the carry of 8%, approximately 8% which is there, which is provided for in the books is what, is accruing quarter by quarter?

**Prem Khurana:** Sure, and when you say monetization proceeds would go to exit to SBI Macquarie to buy them out first, but when I look at our HAM portfolio so there is technically some of these assets are with ACL and then some of these assets are held through ABL directly. so could there be a situation I mean you plan is sort of entire portfolio but some of these settled with ABL could you use that money from these assets whenever you get through this monetization proceeds come to you, would you be in a position to use this to when you provide an exit or I mean only the assets from the ACL portfolio would be used to kind of buy the amount?



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**Paresh Mehta:** So all road portfolio monetization, typically first be applied to given exit to SBI Macquarie, that ability to do by ABL is there.

**Prem Khurana:** We are awaiting for certain permission in Jaora Naygaon to when the share transferred in our name which is where we will be in a position to close the transactions so where are we in that process as the permission come from for MPRDC for the transfer of the shares.

**Paresh Mehta:** So we are pursuing it in MPRDC on the same and we expect to get a favorable decision.

**Prem Khurana:** Sir just one last if you could help me with the revenue breakup for the quarter please, segment wise?

**Paresh Mehta:** On the road sector it is 1,156 Crores.

**Prem Khurana:** Okay.

**Paresh Mehta:** The power it is 119 Crores. Railway 149 Crores and other businesses is approximately 65 Crores.

**Prem Khurana:** Sure sir. Thank you and all the very best.

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

**Nikhil Kanodia:** Thanks for the opportunity. Sir I want the capex guidance for the year?

**Paresh Mehta:** So total capex done upto date for the quarter was around 47 Crores. We expect to do approximately as indicated around 100 Crores of capex by the year end.

**Nikhil Kanodia:** So 100 will be total FY2024 right?

**Paresh Mehta:** FY2024 total.

**Nikhil Kanodia:** Anything on equity infusion.

**Paresh Mehta:** Equity infusion as you said 169 Crores is what to be yet to be deployed in HAM Projects of which 107 Crores will be done in FY'23- 24 and balance 56 Crores in 2024, 2025.

**Nikhil Kanodia:** Understood. Sir, what is your current build pipeline?



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**Satish Parakh:** Bidpipeline is around 25,000 Crores?

**Nikhil Kanodia:** Thank you sir and all the best.

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

**Ash Shah:** Hi good afternoon sir. Thank you for the opportunity. So my first question would be on the debt level, so if I go back in FY2022 our debt was 488 Crores on standalone level which has now increased to 990 Crores, it is more than doubled so is any guidance on why it has doubled on first place and secondly what is the future expected number because all the procedures are going to be used towards SBI Macquarie initially so what do you think will do the debt number eventually by FY2024 end?

**Paresh Mehta:** So definitely, debt numbers have gone up from 2022 to 2023 by almost 400 Crores to 500 Crores, it is more because of the larger execution and larger turnover and larger order book also which is typically pushed that up. This will continue to remain as it is with irrespective of the payments required to be made to SBI Macquarie from the cash flow proceeds. We believe that the cash proceed will be more than what is required for SBI Macquarie so that will definitely be helpful in reducing the standard debt.

**Ash Shah:** Okay thank you. Also the second question would be also on the Maldives project so right now if I was just reading through two of our competitors they are also building the same projects orders and they are on the verge of they have already started so why is that case that we are not able to yet stop because it has been almost two and a half years since we have received the project but there is no execution on that part?

**Satish Parakh:** Last two and half year our was the last awarded project. Only what was awarded earlier has started now. There is no new project which has started.

**Ash Shah:** No I was talking about during that period only so if we received in May the competitors received in March 21 but they have already started so I think in December 21 they got an advanced payment for the same but we were not receiving it and that is why the EXIM Bank was not giving us the go ahead so I just wanted to know what is exactly that is going on in that project?

**Satish Parakh:** So these are approved in the COD in the final committee meetings in which their projects were approved much earlier and our project got approved in COD but for ECGC coverage insurance coverage it was held back. ECGC had certain problems with certain



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development of earlier insurance so it was a policy decision which went up to finance ministry which is now being taken in the next board meeting.

**Ash Shah:** So we expect that by end of Q2 we will start execution on that project?

**Satish Parakh:** Yes if they clear it then definitely we can start.

**Ash Shah:** The project timeline would be two years.

**Satish Parakh:** Yes.

**Ash Shah:** Also last question could you just give us the breakup of the order bid pipeline, you said 25000 Crores can you just give it sector wise?

**Satish Parakh:** Sector wise majority is highway projects 25000 cr is completely highway project. I have not taken other bid point next. 25000 cr is completely highway.

**Ash Shah:** Okay so if we include other projects then how much would that go up to?

**Satish Parakh:** It could add around 10000 cr.

**Ash Shah:** Okay Thank you. That is all from my side.

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

**Vasudev:** Thank you for the opportunity. Most of my questions are answered. I just needed the fund this and the non-fund wage limits and of utilization for them?

**Paresh Mehta:** So we have a total limit of around 5800 Crores of which approximately 8000 Crores pertaining to sorry 350 Crores is pertaining to fund based and balance is all pertaining to non-fund based and from a utilization perspective at the fund base the utilization is almost 60 to 70% and on the not fund based approx. 70 to 75%.

**Vasudev:** Ok sure. Thank you.

**Moderator:** Thank you. Our next question is from the line of Anant Mundra from Mytemple Capital. Please go ahead.





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**Anant Mundra:** Hi, good afternoon sir. Thank you for the opportunity so just wanted to understand why our Q1 revenue growth is lower than the guided 15% revenue growth of the entire year?

**Paresh Mehta:** So see basically the there are lot of new projects which have been which is part of the order book now which has just started out are just kicking off, so that estimated turnover will be captured in the quarter three quarter, four quarter, other projects like projects in Guenaand Bangladesh typically their mobilization process is bit longer so now the project is fully mobilized so their turnover will now start catching up from Q3-Q4 and even Bangladesh from Q2 itself. Even for projects like the Kerala project there the mobilization process is going on and once the mobilization procedure totally is complete then the turnover will catch up so this 15 or 10 to 15% growth is typically on account of or the full year expectation so initially this quarter definitely is flat, but it will take off by Q3-Q4?

**Anant Mundra:** Okay and sir this hit of 56 Crores, on NTPC power project, where exactly is this figuring in which line item?

**Paresh Mehta:** It is in other expenses and construction expenses put together. Other expenses has approximately 31 Crores of it which is for the future yet to be incurred the expenses yet to be incurred to the loss on that and in contract revenue balance 25 Crores.

**Anant Mundra:** Okay alright sir and sir you explained the different margins among the different sectors could you also give us an idea about which sector is most working capital intensive and which is the least working capital intensive.

**Paresh Mehta:** So generally power projects are most working capital intensive because their payment cycle is already, I mean it is totally factored in the way we have bid for the project but until so they do give advances on material but the final settlement of which are almost four to five months post their full certification and what you call final commissioning of the modules different modules under a project. Road projects are typically funded by actually their HAM projects funded by bankers, so their funding is almost on the almost 60 days kind of a working capital.

**Anant Mundra:** Alright and sir given that we have refinanced Sambalpur BOT project and I remember you had explained in the last con call that was the only project in which loss funding was required, so given that the refinancing has happened there is no BOT project which will require any loss funding from the parent am I correct in that assumption?

**Paresh Mehta:** Yes.



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**Anant Mundra:** Alright which is the road project the BOT project in which the deferred liability, NHAI deferred liability premium is the highest?

**Paresh Mehta:** Dhankuni Project.

**Anant Mundra:** So even that project is not going to require any loss funding or any another round of refinancing of the NHAI deferred premium.

**Paresh Mehta:** So Dhankuni project's cash flows are sufficient to take care of its own cash flows subject to of total deferment availability is available in the scheme so up to FY'25-26 the deferment is possible though with the lesser amount of premium but that we continue so on its own it will be sustainable.

**Anant Mundra:** Okay so the deferred liability premium will be due from FY'26-27?

**Paresh Mehta:** Yes there is no repayment scheduled as and when enabled by the SBI.

**Anant Mundra:** Okay, got it and sir much is the revenue that we are recognizing from the real estate daily and that is coming in consol level or in standalone level?

**Paresh Mehta:** This quarter nothing much.

**Anant Mundra:** Okay but like could you give us some idea of how much can that be for the year or how much was it for the previous year just approximate ballpark?

**Paresh Mehta:** Previous approximately in the range of 35 to 40 Crores.

**Anant Mundra:** And it comes in the consol level.

**Paresh Mehta:** In fact it is being monetized.

**Anant Mundra:** That is it from my end. Thank you sir.

**Moderator:** Thank you. Our next question is from the line of Deepika Bhandari from PhillipCapital. Please go ahead.

**Deepika Bhandari:** Hi sir thank you for taking my question. I just had one question from the order that as on 30<sup>th</sup> June, how much portion was not executable at that moment at that point of time?

**Paresh Mehta:** I mean you are talking order book which is not executive today?



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**Deepika Bhandari:** No not today as on 30th June, some 16920 order book. How much was not executed as executable at that moment?

**Paresh Mehta:** All are executable but they are delayed so like the Maldives project which is there. There the start of construction will happen slightly later as soon as the financial type is done by the government.

**Satish Parakh:** Otherwise everything is started now.

**Deepika Bhandari:** Okay, except for Maldives everything was under execution as on quarter one, is my understanding correct?

**Paresh Mehta:** So all are executable. Like I agree what you are saying mam. Everything is contributing to the turnover.

**Satish Parakh:** So except Maldives everything is all here.

**Deepika Bhandari:** Okay sir, that is it from my side. Thank you so much.

**Moderator:** Thank you. Our next question is from the line of Saurabh an Individual Investor. Please go ahead.

**Saurabh:** Yes so just one question. The consolidated debt level of company is around 7000 odd Crores so with the asset monetization which is repeated say by October by December and by March 2024 what will be the kind of debt after all the monetization which will happen in next three to six to nine months?

**Paresh Mehta:** So once we are by March 2024 based on whatever we have communicated so total debt which will be remaining outstanding would be approximately today which is approximately 500 Crores so that will increase to approximately another 500 to 1000 Crores is the outstanding for the, so approximately if we sell all the projects approximately 600 Crores will be outstanding as of March 24, rest all debt other than the standalone debt will be of the consolidated balance sheet.

**Saurabh:** So remaining debt by FY'24 would be just close to around 500 to 600 Crores right?

**Paresh Mehta:** Right.



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**Saurabh:** Okay and after this monetization the revenue which is coming to the company say currently 8000 Crores per annum so this will all be coming from the EPC project nothing from the HAM and BOT side as of March 24.

**Paresh Mehta:** Yes I mean we can reasonably consider that except for a few HAM projects which would be under construction but that also majorly will be captured at an ADL EPC part only so nothing significant contribution will be there from other SPVs in the turnover.

**Saurabh:** So as guided the revenue uh gross revenue from say 24 onwards would be close to around about 6000 Crores of odd run rate with a margin of 10% is it fair to assume?

**Paresh Mehta:** No 6000 is already a run rate for this year, March 22, so for March'24 it would be approximately 7 to 7.5%.

**Saurabh:** With a margin of close to 9 to 10% kind of margin which is being guided right.

**Paresh Mehta:** For FY'24 it would be 8 to 9% between that 8 top 8.5%, but from Fy'24 onwards whatever there will be approximately at 10 to 15% increase in the turnover that will be subject to approximately 10% margins.

**Saurabh:** Thank you so much, that is it from my side.

**Moderator:** Thank you. Our next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead sir.

**Anupam Gupta:** Good evening sir. Couple of questions from my side. Firstly on the provision which you have done for NTPC project is there any chance of this we claim them in terms of receiving is that or this is a definite outlook from our side?

**Satish Parakh:** So here we have got a circular from the Ministry of Renewable Energy for the extension. We are expecting circular for price revision also so if we get price revision then it will make up for the gross margin.

**Anupam Gupta:** Is there any timeline for this?

**Satish Parakh:** Timelines cannot be guaranteed because this is all ministry prerogative whether to allow price revision along with time extension, so presently they have just given time extension, the industry is expecting price revision because this was all due to COVID'19 impact.



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**Anupam Gupta:** And second question so on your guidance if I recall in the fourth quarter you have guided to 20 to 25% revenue for this year. Any specific reason why lowering it to 15% for this year or what has changed since then?

**Satish Parakh:** So first quarter most of the projects were delayed start and order book inflow also we have not seen anything in the first quarter so that is not going to get converted into any revenue therefore we have reduced the guidance to 15%.

**Anupam Gupta:** Understood. Okay. That is all from my side.

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

**Ash Shah:** Thank you for your opportunity again. Sir in your initial remarks you had mentioned that NHAI planning to award around 8700 kilometers and since we have not seen a lot of awarding activity in Q1 and Q4 is also going to be a washout because of the election, do not you think over the next like five six months you will see a lot of bridge opening up like there will be pre-owning of those ordering because they want to achieve those targets or something so if you could comment on that?

**Satish Parakh:** Yes sir we can see good amount of ordering balance part up to Feb, so whatever balance like 5000 odd kilometers by NHAI another 2000 to 2500 kilometers by MORTH so this entire ordering will see in coming months up to Feb.

**Ash Shah:** Okay and second question would be can you give us an update about the NHAI bribery case hanging. I mean there was one project that we had lost out on so is there any rebidding that has happened on that or something like that?

**Satish Parakh:** Yes, rebidding has happened. We are participated. Results are yet to be announced, so there are 10 participants in that and we are awaiting results maybe this month or next month.

**Ash Shah:** Okay and last question would be is there any International bid pipeline that we are looking at or if you are planning to move out of any other countries or something like that?

**Satish Parakh:** So we are focusing on the countries where we are working, so presently Bangladesh and Maldives give us some more opportunity. We are not exploring new country at this stage.



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**Ash Shah:** Okay thank you that is all for myself.

**Moderator:** Thank you. Ladies and gentlemen that was the last question of our question and answer session. I would now like to hand the conference over to Mr Satish for his closing comments.

**Satish Parakh:** Thank you everyone for participating. We are thankful to all the participants for their questions. I hope you we have been able to answer most of your queries. We look forward for your participation in the coming quarters. For any further queries you can always contact our SGA or our CFO. Thank you.

**Moderator:** Thank you. On behalf of IIFL Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.