



“Ashoka Buildcon Limited’s Conference Call to Update
on Recent Developments in the Company”

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Moderator: Ladies and Gentlemen, Good Day and Welcome to the Ashoka Buildcon Limited Conference Call to update on recent developments in the company. 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 would now like to hand the conference over to Mr. Satish Parakh – Managing Director, Ashoka Buildcon. Thank you and over to you, sir

Satish Parakh: Good afternoon, everyone. Thank you for joining us on the call today at a short notice. I have with me Mr. Paresh Mehta – CFO of the company on the call. There are recent developments in the company and also some speculations going on in the media, hence we felt it would be prudent to inform about the current situation to the investors and analysts directly speaking with them through a conference call.

I am sure you would have gone through the stock exchange announcements made over the past few days, however I will brief you on the developments happened recently. Last week income tax authorities carried out search and seizure proceedings at the premises of the company and certain officials under Section 132 of the Income Tax Act 1961. Please note that no indiscriminating documents were found in this search. During the entire procedure the company has extended its full cooperation and provided all the requisite information to the I-T authorities. We would like to assure you through this communication that the above proceedings do not impact routine operations in working of the company. Also as the company has clarified earlier on media article, we have not been involved in contributing or financing any of construction of Bhujbal family including their bungalow at Nasik or in sponsoring any trip of Mr. Bhujbal. We would like to reiterate and reaffirm that we at Ashoka conduct our business in due compliance of law and maintain highest standard of corporate governance. Given that process is still ongoing we would not be able to share certain information related to I-T raids. Once we have greater clarity we would inform you as we have always done in the past.

At this point of time we will take very few questions. Yes, we can start question-and-answers.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Shirish Rane from IDFC. Please go ahead.

Shirish Rane: Sir, a few clarifications. The media carried that along with I-T search, there were Enforcement Directorate people and Anti-Corruption Bureau people also conducting the search, I mean they were along with the I-T search and seizure people. Sir, is it correct?

Satish Parakh: No, neither ED nor ACB nobody was involved, it was just a pure I-T search under 132 of Income Tax Act.

- Shirish Rane:** The second question sir was, I know you said you will not divulge anything about the search proceedings but was it related to any particular project or it was against normal affairs of the company?
- Satish Parakh:** No, it was purely on the normal affairs of the company.
- Shirish Rane:** Sir more importantly going forward does this search sort of impact any of our bidding pipeline or any projects or it has any impact on any of our projects which we are executing in terms of execution?
- Satish Parakh:** No, there is absolutely no restriction, we were even bidding while the process was on, so company operations have not at all been affected.
- Shirish Rane:** No, I meant zero impact as in normal bidding would have happened in that process
- Satish Parakh:** Absolutely, zero impact.
- Shirish Rane:** Sir have they given any demands or anything in terms of financial term, after the search or seizure they have made any demands from them?
- Satish Parakh:** No, there is no demand from us, the process still is yet to complete, but till then there is nothing.
- Shirish Rane:** Sir and one last related question, have we bought any land from Maharashtra Government in the last five, six, seven years?
- Satish Parakh:** Maharashtra Government, no we have not bought any land.
- Shirish Rane:** So there would not be any land transactions with the Maharashtra Government at all in the last five, seven years?
- Satish Parakh:** No, nothing of that sort, nor we have bagged any work since 2006, particularly PWD.
- Moderator:** Thank you. We have the next question from the line of Nitin Arora from Emkay Global. Please go ahead.
- Nitin Arora:** Sir as you have highlighted that under Section 132 of the Income Tax Act the conduct was done, can you also state us that how long does it take and what are the steps being taken by post this conduct, because if I can assume that Income Tax authority at that moment would have not given you any clarity. Sir generally want to understand that what happens after that, how long it takes for Income Tax to get back to you and normally they issue an order that there is no, because as you mentioned there is a normal affairs being done at this conduct, so they generally order that there should be no tax liability or what kind of an order they can issue to you?

- Paresh Mehta:** So the process which has started four days back, the conclusion of it will take approximately two, two and half years' time, generally they reassess whatever incomes we have declared in the past and they will ascertain once more. So it will take its own time, two, two and half years time and they then conclude it.
- Nitin Arora:** Sir, as you clearly mentioned that there has been no funding being done to a certain minister's family being very much clarified by you, is it because the timing went wrong, I just want to understand that what was, we were perceiving that this conduct was done majorly because of that minister's family name has come, but you said that it is generally done because of the normal affairs or the routine conduct which I-T normally keeps on doing it on different companies. So we should not read both these things together, is that a correct understanding?
- Satish Parakh:** Yes it is a correct understanding, you should not read both together.
- Nitin Arora:** So any which ways whatever the hearing this minister will undergo through by the judiciary, when we get an order from the Income Tax side that will be taken separately, that should not be mixed with this situation?
- Satish Parakh:** Yes, there is no mixing of that two things.
- Moderator:** Thank you. We have the next question from the line of Ankit Fitkariwala from Jeffries. Please go ahead.
- Ankit Fitkariwala:** This is just a clarification on what Paresh said, sir just wanted to confirm this entire proceeding by the Income Tax officials will take about two, two and half years to complete, is it?
- Paresh Mehta:** Yes, they go into process of reassessment of whatever results we have filed and they will conclude that.
- Ankit Fitkariwala:** So is it like that when it gets concluded only whatever results come out only then it gets announced or is it like on a piecemeal say after every quarter or three, six months they keep announcing like what has their findings been?
- Paresh Mehta:** No, no see it is a regular assessment proceeding which concludes and the assessment puts in the end.
- Ankit Fitkariwala:** So we are not expected to have any news per say from your end over two and half years in terms of how the, because on the exchange as you have put up today you are saying that there has been no documentation found, so is it like that that kind of news flow keeps coming and incrementally that there is a no document found till now of any finding of anything like that or is it like it happens only after two and half years?

- Paresh Mehta:** No sir, as we have already declared any significant information is there we will definitely share with the department, I mean the investors, if any changes is there otherwise in normal proceedings as soon assessments are over it gets closed.
- Moderator:** Thank you. We have the next question from the line of Ravi Kiran from Infina Finance. Please go ahead.
- Ravi Kiran:** Again referring to the media articles, apart from this construction of bungalow and foreign trips there are also allegation of payment to a trust controlled by Bhujbal family, so any comment on that part?
- Satish Parakh:** Yes, see what had happened that there was a Nasik festival in 2010 and 2011, so we were doing actually Nashik-Pimpalgaon-Gonde which is a national highway project, it was a major project we and L&T were doing. So L&T and us were approached for helping Nasik festival first and this concept was done by a welfare trust which is controlled by Bhujbal's. So they had asked for donation and we had given donation, L&T, PNG per se has also given donation by cheque and these all were verified and they were all cleared. But this was very clear, it was explained and this donation, even L&T was called, we were asked, even others who gave donations were asked and this was purely for Nasik festival. Being from Nasik and doing a huge project in Nasik, this gesture was there. So I do not think that is anything to do with these things.
- Ravi Kiran:** And you do not contain the quantum also which was mentioned which was basically I think 40 crores was mentioned in the media article.
- Satish Parakh:** No, see these donations were 25 lakhs and 10 lakhs, in one year it was 25 lakhs and second year it was 10 lakhs.
- Ravi Kiran:** Not the 40 crores which is being alleged?
- Satish Parakh:** No, nothing to do with these 40 crores. 40 crores allegation is about building a bungalow we spent 40 crores which we have denied in whatever disclosures we have given.
- Ravi Kiran:** And just to clarify, this donation was made through this SPV, PNG?
- Satish Parakh:** One PNG was made was separate and Ashoka Buildcon made this 25 lakhs and 10 lakhs, these were sponsorships which we had done.
- Moderator:** Thank you. We have the next question from the line of Ashish Agarwal from Principle Mutual Fund. Please go ahead.
- Ashish Agarwal:** Sir just wanted to ask, is there any pending demand or pending litigation with Income Tax other than, this research would not have been very specified for the year, but is there any pending litigation or pending demand or pending assessment with Income Tax?

- Paresh Mehta:** There may be certain proceedings pending which are already disclosed in our accounts on a regular basis in our contingent liabilities or otherwise, so in the normal course of business we are already disclosing them.
- Ashish Agarwal:** As far as parent company is concerned, is there any pending demand in terms of Income Tax, if you can quantify that?
- Paresh Mehta:** I do not think so, there would be certain assessments which are under process and...
- Ashish Agarwal:** No, which has been concretized, completed and demand has been raised against you?
- Paresh Mehta:** No, so that would happen but then we have appealed against them, so it is all sub judice.
- Ashish Agarwal:** No, that I agree but can you share that information?
- Satish Parakh:** Nothing to share, this is a routine course.
- Ashish Agarwal:** So you would not be able to share it?
- Paresh Mehta:** Right, we will share it in our accounts in the quarterly accounts, yes.
- Moderator:** Thank you. We have the next question from the line of Vishal Rampuria from Dimensional Securities. Please go ahead.
- Vishal Rampuria:** Sir just wanted to understand that your assessment is over till which year, Income Tax assessment?
- Satish Parakh:** Financial year 2012-13.
- Vishal Rampuria:** Till FY12-13?
- Satish Parakh:** Yes.
- Vishal Rampuria:** And largely this is raids were pertaining to a particular year or all the last three years.
- Paresh Mehta:** Generally, these raids are contented for a block five-six years.
- Vishal Rampuria:** Five six years?
- Satish Parakh:** Yes.
- Moderator:** Thank you. Ladies and Gentlemen, that was our last question. I would not like to hand the floor over to the management for their closing remarks.

Satish Parakh: We are grateful for your continuous support and once again thank you all for participation at a short notice. Thank you.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Ashoka Buildcon that concludes this conference call. Thank you for joining us and you may now disconnect your lines.