

"Ashoka Buildcon Limited Q3 FY 2016 Results Conference Call"

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Moderator:

Ladies and gentlemen, good day and welcome to the Ashoka Buildcon Q3 FY 2016 Results Conference Call, hosted by IDFC Securities Limited. As a reminder, all participant lines will be in a 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 Ashish Shah from IDFC Securities Limited. Thank you and over to you Sir!

Ashish Shah:

Good evening. Ladies and gentlemen, on behalf of IDFC Securities, I welcome you all to this Q3 FY2016 Earnings call of Ashoka Buildcon Limited. We have from the management Mr. Satish Parakh, who is the Managing Director and Mr. Paresh Mehta who is the CFO of the Company. I would request Mr. Parakh to first give his opening remarks on the results, which would be followed by Q&A. Please Sir, go on. Thank you.

Satish Parakh:

Thank you Ashish. Good afternoon everyone. A very warm welcome to our earnings call of third quarter FY 2016. I have with me, Mr. Paresh Mehta our CFO and Stellar Investor Relations, our IR advisors.

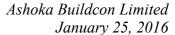
Let me start with the industry update. The Ministry of Road and Highway transport is targeting 10000 kilometers to be awarded in FY2016 versus 8000 kilometers in FY2015. So 50% of this would be awarded by NHAI which has already awarded NHAI and ministry together has awarded around 4600 kilometers till now amounting to 55000 Crores.

To boost private sector, the ministry has taken a slew of measures including introducing exit policy aimed at improving availability of equity funds by allowing developers to monitor the existing projects. The exit policy framework for which concessionaires to diverse 100% of equity and exit all the operational BOT projects two year after the completion of construction.

NHAI has now focusing on hybrid annuity model, a new mode of delivery under PPT. For awarding road projects under hybrid annuity model 40% of the project cost is provided by the government to the construction during the construction so far three projects have been bided out on this hybrid model.

Now coming to the development at Ashoka. We have been consistently bidding for orders and have got 2200 Crores orders in fiscal so far. As mentioned earlier as well we have actively participating in bidding process of EPC as well as BOT projects. We are looking for projects where competition is reasonable and one that fits in our investment metrics. This quarter we received EPC contract of Rs.180 Crores and that is in consortium with Bharti Infra projects.

Our current order book position is 4186 Crores of these road projects were 3068 Crores which is 73% of our balance order book and Rs.1118 Crores of power T&D. Order book for road is now reached over 70% of our order book which is in line with our focus and preference on roads. Also of the roads EPC order book is 2200 Crores and rest is BOT which is 867 Crores.





Another development is during this quarter Jaora-Nayagaon project completed its refinancing of debt of Rs.577 Crores with State Bank of India. After refinancing the interest cost has been reduced to 9.8% per annum, resulting in saving of 150 basis points.

This quarter we also acquired additional stake of 10.26% in Jaora-Nayagaon project through its subsidiary Viva Highways Limited. This stake was acquired at price to book of 1.4. Further ACL has got transfer of 14.74% of the stake in the project from Srei Infra. So overall Ashoka Buildcon holds 48% through its subsidiaries in Jaora-Nayagaon.

Status of the current projects, on execution front we are currently having three projects under construction all of which are progressing as per schedule, the company has completed over 90% of EPC work in Dhankuni-Kharagpur, 86% in Chennai ORR and 70% in KSHIP project.

On the traffic growth front, we have continued to witness traffic over the last few quarters. This quarter we witnessed average traffic growth in various projects in the range of 8% to 10%, which is highest in the last few years. I would now request Mr. Paresh Mehta to present the results of Q3 FY2016.

Paresh Mehta:

Thank you Sir. Good afternoon everyone. I am sure you have had an opportunity to get the presentation of the results updated. The update which has already been circulated and uploaded on our website. I would now present the results for the quarter ended December 31, 2015,

As mentioned by Mr. Parakh, I am very happy to share that this has been a very good year for us so far in terms of order wins. In roads we have received projects to the tune of Rs.2200 Crores in FY2016 so far.

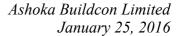
Coming to the fiscal numbers our consolidated total income including other incomes for Q3 FY2016 stood at 614 Crores as compared to 459 Crores in Q3 FY2015 a growth of 34% year-on-year. Construction revenue with 438 Crores compared to 356 Crores in the corresponding period of previous 23% growth.

Toll revenue has stacked up to 135 Crores in Q3 FY2016 as compared to Rs.103 Crores nearly being driven by the Dhankuni project which was capitalized in the last three quarters.

During Q3 FY2016 BOT division recorded a toll collection of 256 Crores of which 135 Crores has recognized as toll revenue and Rs.81 Crores is from associate companies. This includes toll collection in Katni project under High Court order, but not presently recognized as revenue.

Toll collection in Dewas project stopped from August 28, 2015. During Q3 we have also received claim of Rs.2.8 Crores for toll loss of car and state transport busses in our Ahmednagar–Aurangabad project, which is under PWD by Government of Maharasthra.

We have been collecting toll on all our projects regard portfolio except for annuities, which are yet to be started, on Chennai ORR and the KSHIP project.





Our EBITDA for Q3 FY2016 is Rs.186 Crores compared to Rs.109 Crores in the corresponding quarter last year. Interest cost for Q3 FY2016 is at 109 Crores compared to 78 Crores for Q3 FY2015 again mainly driven by the capitalization of Dhankuni-Kharagpur project.

On the balance sheet side our consolidated networth including minority interest was at 2383 Crores, consolidated gross debt was 2887 Crores approximately leading to our debt ratio 1.6 times.

The gross debt at standalone level was Rs.413 Crores, which comprises of 39 Crores of equipment loans, Rs.224 Crores on working capital loans and Rs.150 Crores of NCDs, raised in November 2014. This slight uptake in the standalone debt is basically driven by the change in the mix of EPC business where presently the EPC business on the power sector is higher than the road sector.

The average cost of debt has gone down compared to March 31, 2015 a couple of our projects have already got refinanced for a few projects negotiations are on.

Cash and bank balances including current investment stood at Rs.106 Crores as of December 31, 2015. With these numbers, we now open the floor for question and answers. Thank you.

Thank you very much. We will now begin with question and answer session. Our first question is from the line of Amit Sinha from Macquarie. Please go ahead.

Good afternoon Sir. Thanks for the opportunity. Sir firstly on the traffic growth numbers which have been very good during the quarter, what is the status of the construction on the NH3 stretch which is parallel to Jaora-Nayagaon right now?

This stretch has been repaired, is undergoing repair by NHAI directly yet it is not bid out for the concession agreement.

How much time will the repair work last according to you guys?

Satish Parakh: At least another one year it will go on.

Secondly Sir the overall traffic momentum for the quarter was significantly higher we have not seen this kind of traffic growth in our portfolio for a very long time, so any particular reason you would like to ascribe?

Traffic growth has typically been driven by certain factors, but in certain sectors like Bhandara and Durg agricultural transportation has picked up transportation basically that has given a trickle to the growth in Bhandara and Durg on the Jaora and Indore we continue to see a uptake in traffic basically due to competitive roads not to impact and otherwise projects are doing as per economic effect

Paresh Mehta:

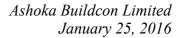
Moderator:

Amit Sinha:

Satish Parakh:

Amit Sinha:

Amit Sinha:





Amit Sinha: There is no uptake from any resumption of mining activity on the stretches?

Paresh Mehta: No that has not yet happened.

Amit Sinha: Sir, secondly on the construction business this quarter we have seen higher proportion from the

power segment so do we see the similar kind of run rate in the fourth quarter?

Paresh Mehta: Yes in the fourth quarter we basically seeing powers executing better than roads go as such EPC

contracts in the road sector is start picking come in the last sag end of March so the major impact of roads high road component EPC in 2016-2017, so 2015-2016 will be more of a power

dominated EPC components.

Amit Sinha: So in that case do you still stick to your guidance of Rs.20 billion of construction revenue for this

year?

Paresh Mehta: We will definitely believe that we will be around that figure maybe a percent or two maybe will

be effect not being much.

Amit Sinha: Lastly Sir what is the status of the projects, which we won during this financial year both on the

EPC and the BOT side when can we expect construction work to start?

Satish Parakh: All the EPC projects which we got Eastern Peripheral and the JNPT work and Islampur Bypass

all this will get started in March, out of the three two we have got already appointed date JNPT

we are about to get appointed date so major construction activity will see in Q1 next year.

Paresh Mehta: The annuity project typically we expect financial closure to happen by between March and April

and then major activity will start as possible.

Amit Sinha: Sir that is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Arora from Emkay Global. Please go

ahead.

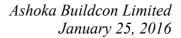
Nitin Arora: Sir I just wanted to get a sense that now if you look at your financials from the last six months we

standalone basis more than 140 Crores despite that the standalone debt has increased I understand that power contribution buses was more but if I look at the construction revenue that is about 1379 Crores including the land sale part it implies the 50% kind of a working capital requirement

raised money from QIP if you look at the operating cash front the last three months only on a

what it seems like, so I just want to know what sort of standalone debt assumption we should work with going ahead because if you start doing a revenue of 2200 Crores even the tilt come more from the roadside what sort of working capital requirement the business will require at this

point.





Satish Parakh: See from the viewpoint of the working capital going up see we have three component of working

capital basically the CC limit this is approximately cash rate limit of around 220 Crores, the NCD of 150 Crores and equipment finance of 39 Crores so going ahead till the power is dominant for another two quarters we will see slightly the same range of around 220, 230 kind of working capital average utilization and because as we have been in the past also explained that power is more working capital intensive till the mix of road was higher definitely road was helping out in keeping the power working capital lower but otherwise like subsidizing kind of the cash flow

requirement, but otherwise I think so this range will continue for some time for two quarters.

Nitin Arora: So sir in FY2017 let us say when we stabilize via road my standalone debt will still remain I still

required 200 kind of a working capital 200 Crores of working capital to that revenue of 2000

Crores plus standard.

Satish Parakh: At least around 200 Crores would be around the range.

Nitin Arora: Sir when is our LCD expiring?

Satish Parakh: This will expire in August it start from August so it split into three installments August,

September and October of 50 Crore range.

Nitin Arora: So our interest cost even for the next year can be around 40, 45 Crores not it will be like

standalone will be completely the interest rate.

Satish Parakh: No it will not be interest rate it will be in the range of around 35 odd Crores so it will be the

interest on NCD will continue to remain only for say five to six months.

Nitin Arora: Sir in terms of the Sambalpur have the commission happened now in January?

Satish Parakh: No we are still yet to receive full COD.

Nitin Arora: Are we expecting in this quarter end Sir?

Satish Parakh: Yes this quarter definitely we are expecting.

Nitin Arora: Sir just last two important part from my side one is that Chennai can you give us the date of

commissioning when you are expecting to commission Chennai ORR and KSHIP.

Satish Parakh: See Chennai ORR our target earlier was to complete by April but it may go by at least 45 days

ahead because of the Chennai floods we almost lost around 40 to 45 days.

Nitin Arora: And for KSHIP?

Satish Parakh: KSHIP project also we had effect of heavy rains of around 30 days, but still we are hoping to

complete by April end.



Nitin Arora: Sir in your others part in your toll revenue there is a component of others which adds about 16

Crores just wanted to ask you how much do you consolidate of that other toll revenue in your

account?

Satish Parakh: So for the others most of it is recognized except for Katni Project Katni or this is not part of that

so everything is recognized in the consolidated.

Nitin Arora: In the consolidated part?

Satish Parakh: Yes.

Nitin Arora: Last question from my side in the Jaora-Nayagaon project now how much ABL owns in ACL

and how much ABL owns on their itself, just wanted to get a sense are we start do we start

consolidating now going ahead?

Paresh Mehta: See as per the technical position ABL owns 10.26% indirectly through its subsidiary Viva

Highways, so it is 100% subsidiary of Viva Highways, 10.26% then ABL holds through ACL 37.74% so from that perspective we are directly holding 48% through our subsidiary so it is again not more than 55% and 26% is held by SBI Macquarie directly. There is another balance of 26% which is still not we hold the economic interest but they still are not transferred so till we

actually get the shares transferred we will not be in a position to consolidate.

Nitin Arora: Then if this 26% gets transferred then ABL will start owning another 37% then?

Paresh Mehta: Exactly so ABL holding would be around 37%.

Nitin Arora: And then we will start consolidating?

Paresh Mehta: Yes, in fact we will go.

Nitin Arora: Thank you very much. I will come back with the questions more in the queue. Thank you very

much.

Moderator: Thank you. Next question is from the line of Vibhor Singhal from Phillip Capital. Please go

ahead.

Vibhor Singhal: Thanks a lot for taking my question. Sir could you just please repeat the last question so basically

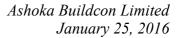
ABL through Viva Highways owns 10.26% in Jaora-Nayagaon and how much of ABL own

through ACL?

Satish Parakh: ABL owns basically 51% in ACL then ACL owns 37.74% in Jaora-Nayagaon.

Vibbor Singhal: So basically through ACL we would basically have 37.74% x 64% right.

Satish Parakh: The economic interest rate.





Vibbor Singhal: And 26% is directly by SBI Macquarie?

Satish Parakh: Correct 26% directly the Macquarie holds.

Vibhor Singhal: And that would remain with the SBI Macquaire right.

Satish Parakh: As of date yes but with the entire list, we could put all those investments into one ACL at one

point of time.

Vibhor Singhal: Sir my question is again on the two-annuity projects that we have got those would be probably

the part of ABL right there is not the part of ACL portfolio?

Satish Parakh: Part of ABL.

Vibbor Singhal: So SBI Macquarie will not have any contribution or any stake in those project?

Satish Parakh: Right.

Vibhor Singhal: Sir any light that you can throw on basically the new hybrid annuity projects which are coming

up a bit in the first couple of projects we have seen a huge deviation between the L1s and L2s so is it like we know the winners of the projects would probably not place whom whose name rears too regularly in the bidding scenario but do you think that these kind of projects being relatively new in terms of bidding activity is it that because of which there is so much of disparity or what

is your take on the profitability and the bidding process of the entire hybrid annuity projects?

Satish Parakh: No there is initial projects basically these were projects in UP and this were really difficult areas

to assess the correct EPC cost so what we have seen this very erratic or bidding or you can say difference in individual bidders. It involved huge amount of utilities also. So estimating that getting all the work done in time in completely urbanize the area this is starting from Delhi and then entering UP, so here the assessment of each bidder was quite different. I think going ahead we will see rational biddings in another set of ten projects are coming up for hybrid annuity I

think the parity would be quite minimal in going ahead.

Vibhor Singhal: Do you see enough interest in this domain we have not seen many bid has come forward in this

domain going forward duty it is a good amount of interest and number of things?

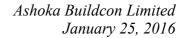
Satish Parakh: I think reasonable interest would be there still in this hybrid annuity.

Vibbor Singhal: But not I assume not high enough.

Satish Parakh: Not very light like EPC but we will see six to eight bidders.

Vibhor Singhal: Sir what is the status on the Maldives project? Have you started work on that and how much is

the kind of revenue run rate that we are looking at from that project if at all?





Satish Parakh: We have not yet started anything on Maldives we are yet to waiting for final clearance from the

government though we have given them bank guarantees but the scope of work is under

finalization after that we will get the appointed date.

Vibbor Singhal: So I would assume the order amount number so would probably we under?

Satish Parakh: Not number we have finalized but they have to internally finalize the sequential of the work, so

some major scope revision is under process.

Vibbor Singhal: I will come back in the queue if I have any more questions. Thanks a lot for taking my question.

Moderator: Thank you. Our next question is from the line of Ankita Bohra from B&K Securities. Please go

ahead.

Ankita Bohra: Sir my question was on refinancing, so we have already done four projects now any new projects

that is lined up for refinancing in the near-term and what kind of the saving that could bring in

for the cash flow?

Satish Parakh: We have projects which are reaching their visit dates in the next two three months and which we

will be definitely taking up for we have already taken up for entire thing proposed various bankers and this would typically give us an arbitrage of around 1.25.... So that is what we are

looking at.

Ankita Bohra: So what kind of a order inflow we are expecting for 4Q and for FY2017 going forward?

Satish Parakh: See we are participating in various bids. We have already short-listed around bids around 20000

Crores which will be participating in Q4 and Q1 of next year.

Ankita Bohra: But any kind of a number or target we would like to reach?

Satish Parakh: We definitely would like to have another 2000 to 3000 Crores of order book in Q4, definitely we

are participating with that in mind.

Ankita Bohra: Sir on hybrid annuity you said some 10 odd projects are coming up could you quantify what

would be the quantum of these projects?

Satish Parakh: Yes this is around 500 kilometers of stretches which are put under and the quantum would be

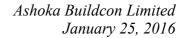
around 11000 Crores.

Ankita Bohra: On EPC front what could be the opportunity size?

Satish Parakh: EPC what we have short-listed is another 500 kilometers surrounding 10000 Crores.

Ankita Bohra: Sir anything on power T&D space. I understand there is a huge pipeline in terms of new projects

in the road segment but anything we are seeing in the power T&D space also going forward?





Satish Parakh: Yes, power T&D we are hoping some new orders to be to put forth by states like Bihar,

Maharashtra and Chhattisgarh, even Rajasthan is coming out with their power T&D program, so

we may see if action Q1 or Q2 of next year.

Ankita Bohra: Any ballpark number what kind of the order inflows can we get from this segment?

Satish Parakh: For Q4 I do not think we have much.

Ankita Bohra: Not in Q4 in FY2017.

Satish Parakh: FY2017 depending upon bidding this thing definitely we expect to at least 1000 to 1500 Crores

in this sector also.

Ankita Bohra: Sir on the claims that we have received on Ahmednagar-Aurangabad, project this was for the

two quarters that has seen stoppage of toll collection is that correct?

Satish Parakh: Right see there was stoppage of toll collection on cars and busses and we have received amount

only for the cars we are yet to receive amount on compensation of busses which we have to leave free and also the compensation amount which has been given by the government we have

disputed on it we may get the balance after the dispute resolution is over.

Ankita Bohra: How much was our expectation on this thing? The dispute is for the entire cars and buses all put

together?

Satish Parakh: Partially we have got 2.7 Crores of compensation already so our balance dispute is around 1

Crores till date.

Ankita Bohra: Sir, any plans for inventory going forward?

Satish Parakh: We are exploring possibility of INVIT, but we have to typically look at investors interest in the

project we have had discussions in this.

Ankita Bohra: Sir I am not able to hear you.

Paresh Mehta: We are looking at INVIT as a model of funding the projects that is we had meeting with the

investors too. I think so it is sometime still make sure that couple of other peers has already taken

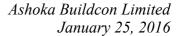
decision so how will they pan out.

Satish Parakh: I will come back in the queue for more questions. Thank you so much and all the best.

Moderator: Thank you. Next question is from the line of Rajarshi Maitra from Axis Capital. Please go ahead.

Rajarshi Maitra: Good evening Sir. Congratulations on a good set of numbers. My first question is during the

quarter was there any tariff hikes across the projects or was it primarily the traffic driven?





Paresh Mehta: There is no tariff hike during first October to December 31 all relating to traffic projects.

Rajarshi Maitra: My other question is if I look at the tax rate for this quarter that seems to be quite high so what

kind of tax rate on a consolidated should be consider for FY2017?

Satish Parakh: It is slightly difficult to say because on the EPC business we continue to pay in the range of 33%

profit tax, but on the BOT we are in the MAT stage but whenever there the profits are there we are at MAT but where there are losses are there, there is no negative set-ups so I really cannot pinpoint a typical number how it will average tax will pan out I can say lot will have to typically do it when you are doing a DCA all those which are under positive cash flow profitability have a

20% tax and the EPC will have a 33% tax, rest all will be no tax there.

Rajarshi Maitra: Thanks a lot. I think my other questions have also been answered. Thanks a lot.

Moderator: Thank you. Our next question is from the line of Devang Modi from Equirus Securities. Please

go ahead.

Devang Modi: We did talk about the pipeline with regards for hybrid annuity and equity projects if you could

just highlight whether there is anything which is building up on the BOT projects front and on

the NHAI side and other things looking over there?

Satish Parakh: Presently NHAI has focused on hybrid annuity. BOT maybe one or two projects may come up on

BOT but mostly we will see hybrid annuity only going ahead.

Devang Modi: Sir on the state side especially states Chhattisgarh and all which were talking of aggressive

program before a year also how are they going over there and is there any recent pipeline which

is building up from a next nine-month perspective over there?

Satish Parakh: States Rajasthan may come out with their program maybe in Q4 or Q1, Karnataka is coming out

on a set of building, Tamil Nadu has another 5000 Crores of projects which they want to bid out so on the projects this another state which is working on their program but there is substantial dealer happened in last two quarters I think in last quarter or maybe first quarter of next year we

will see some orders.

Devang Modi: Currently we have orders, which we are doing in Tamil Nadu and Karnataka correct if I am not

wrong?

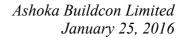
Satish Parakh: Yes, currently we are working in Karnataka already we are working for KSHIP in Dholipani and

two projects which we have one will be starting over in Q1 of next year.

Devang Modi: You stated by there could be a delay of around 45 days on the Chennai ORR project so from

what we understand this would entirely be covered under force measure and so what are the

chances have come?





Satish Parakh: Force measure definitely we have applied and though it will be 45 days dealer still we will be

ahead of schedule completion date.

Devang Modi: So there was completion with regard to bonus annuity and what is the chance that we can like the

bonus annuity over here?

Satish Parakh: Bonus we will have to dispute, fight and get because though force measure clause is very strong

concession agreement is in our side but still typically government takes time to decide on such issues, and particularly for bonus nobody come forward and want though easily, so we will have

to fight it out.

Devang Modi: Sir just a couple of book keeping question what would be the cash balance on standalone consol

account and what are the receivable and inventory levels that we are seeing currently?

Paresh Mehta: Cash balance front cash balance would be to the tune of Rs.8 Crores in terms of standalone cash

balance is Rs.8 Crores. On the consolidated side the cash balance would be say around cash and bank and investment in mutual fund which are like the liquid to the tune of around 108 Crores.

So this will include the debt gross and everything that going to there in our investments and

everything.

Satish Parakh: Yes generally of course most of the debtor is not kept in cash balance. They are kept in bank

guarantees, so they are basically cash with companies for servicing debt and FDRs for bank

guarantees.

Devang Modi: What could be the receivable and inventory level on the standalone level, both combined?

Satish Parakh: It could be to the tune of 1000 odd Crores both combined, the current liabilities is around 1030

Crores. The inventories would be to the tune of 1000-odd Crores and the current liabilities 972

Crores.

Devang Modi: Thanks. That is it from my side.

Moderator: Thank you. Next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.

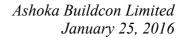
Deepika Mundra: Good evening Sir. Thank you for taking my question. Sir regarding the ordering that has

happened so far you mentioned earlier in the call that 4600 kilometers have been ordered so do you think that both NHAI and ministry will be able to achieve the 10000-kilometer target for FY2016 as in what is your sense on the pipeline going forward? Second question is the projects that you have won so far and this year on EPC basis what is your sense on the margin expectation on those and third question would be what is your sense on the overall competition in the

upcoming bid in the next quarter?

Satish Parakh: Answering your first question of 10000 kilometers we feel ministry and NHAI is very much

equipped now to bid out orders on but they would be able to achieve their target of 10000





kilometers and speaking on the competition yes there are number of players and we are still seeing quite a bit of aggression in bidding, going ahead how it will shapeup we will just have to wait and see and you had asked one more question on the EPC contracts which we have already bagged but margins would be similar to what we have been historically getting.

Deepika Mundra: Sir regarding the ten hybrid annuity projects that you mentioned that are upcoming for bidding in

terms of kilometers what could be the quantum?

Satish Parakh: This is around 500 kilometers.

Deepika Mundra: In terms of project cost.

Satish Parakh: Project cost is around 11000 Crores.

Deepika Mundra: Thank you so much for answering my questions.

Moderator: Thank you. Next question is from the line of Nitin Arora from Emkay Global. Please go ahead.

Nitin Arora: I missed on the cash balance on the standalone you said the cash on the standalone is 108 Crores?

Paresh Mehta: 29 Crores on the standalone and on the consolidated it was 108 Crores.

Nitin Arora: Sir receivables and inventory you said 1000 Crores?

Paresh Mehta: Right.

Nitin Arora: Sir in terms our EPC guidance for the next year FY2017 assuming that we end this year at 4000

Crores order book what sort of EPC revenue are we looking at if we close this year at 2000

Crores?

Paresh Mehta: Definitely look at 2000 50% incrementally the revenue based on the orders to be expected from

the existing order book.

Nitin Arora: Sir 15% implies around 20 to 50 Crores so if we let us say any which ways if we win this order in

the next two, three months before the end of the last quarter you mean to say that $3400\ \text{Crores}$ out

of that 2200 Crores you will execute roughly in FY2017 itself?

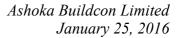
Satish Parakh: Correct most of the power T&D would have got over in Q3 and on the road sector we would

have picked up substantially on the new EPC contracts and our BOT projects also would

basically only ARDCL projects would have taken off substantially.

Nitin Arora: Sir what would be our AMC capex for 2017 now?

Satish Parakh: The capex on the plant and machinery would be to the tune of 40, 45 Crores not more.





Nitin Arora: In FY2017 and till date we have done how much?

Satish Parakh: Till we have done approximately around 20, 22 Crores.

Nitin Arora: Thank you very much.

Moderator: Thank you. Next question is from the line of Namit Shah from ICICI. Please go ahead.

Namit Shah: Sir on the Jaora-Nayagaon project which are the investments, which we have done for this 48%

stake till date?

Satish Parakh: 50% stake the 37.74% stake has been done in 1x.

Namit Shah: Sir if you can specify the amount?

Satish Parakh: Approximately 150 Crores for 38% stake.

Namit Shah: And this balance 10%?

Satish Parakh: This is for the total 48% stake.

Namit Shah: 48% stake we have invested 150 Crores.

Satish Parakh: Yes.

Namit Shah: Sir the balance which you were trying to explain the balance so this includes 150 Crores also

includes this stake which we have acquired from Srei?

Satish Parakh: I will just explain, the 48% includes 37.74%, which is acquired in ACL level includes 10.26,

which we have already acquired in our subsidiary VHEL.

Namit Shah: From PNC?

Satish Parakh: Our subsidiary, which has already been transferred, another 26% led by our bidding companies

Srei and Subhash Projects, which has already own our economic interest.

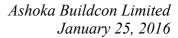
Namit Shah: So this will get transferred at what price?

Satish Parakh: Around 1.35 times.

Namit Shah: Sir what has been the total equity investments in all the projects till date?

Satish Parakh: All the projects put together which are now existing is approximately 1050 Crores and 1000

ACL.





Namit Shah: 1000.

Satish Parakh: Ashoka Constructions.

Namit Shah: 1050 Crores.

Satish Parakh: Overall and 50 Crores in our ACL balance sheet, rather 150 Crores sorry, including Chennai

ORR it was 50 Crores from ABL.

Namit Shah: So total it is around 1200 Crores.

Satish Parakh: Yes 1200.

Namit Shah: Anything which is pending right now?

Satish Parakh: We have investments to be still made in the two new annuity projects which have just taken up

and we are still under financial closure so there approximately now close around 100 Crores of

equity would be there.

Namit Shah: This 1200 Crores you considering also the additional stake purchase which we have done for

Jaora-Nayagaon?

Satish Parakh: That which we have already done.

Namit Shah: Thanks a lot Sir.

Moderator: Thank you. Next question is from the line of Navin Jain from JM financial. Please go ahead.

Navin Jain: Sir my question was on our standalone debt level so at the end of FY2015 our net debt at the

standalone level was around 420 odd Crores and today it is about 385 odd Crores in between we had a QIP also so just wanted to understand why the net debt has not really come down whereas

only marginally come down where exactly is the money deployed?

Satish Parakh: Basically the position of stakes of Jaora-Nayagaon we put in 150 Crores.

Navin Jain: How much?

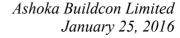
Satish Parakh: 150 Crores just that in the previous question I just explained, by acquiring the new stakes of

shares will put in 150 Crores and the balance all the money were invested in the working capital

cycle where we have negotiated with our creditor to get better purchase deal.

Navin Jain: So 150 Crores is obviously for the acquisition of the Jaora-Nayagaon stake you are saying

another 200 Crores is basically the increase in the working capital cycle right?





Satish Parakh: Yes, the increase in the working capital cycle basically we have funded that money get the

working capital creditors fee.

Navin Jain: So you reduce the creditors level?

Satish Parakh: Yes.

Navin Jain: So going forward would we expect to maintain the current sort of level or would we expect

improvement in the working capital or let's say increase in the creditors' cycle going forward?

Satish Parakh: Because we can arbitrage on the interest component at working capital debt we will continue to

do that.

Navin Jain: So you are saying the interest component on the creditors so which is probably maybe

mobilization advances we pay some interest?

Satish Parakh: Yes, if it is carrying any interest, which is higher than the working capital cycle but you would

not like to take that, but rather non-interest bearing mobilization advances would come in the next near future for the new projects the EPC projects which have taken in NHAI. Financially

decrease the requirement of working capital cycle the working capital loans.

Navin Jain: Thank you.

Moderator: Thank you. Next question is from the line of Kapil Agarwal from Max Life Insurance. Please go

ahead.

Kapil Agarwal: Sir can you give us the roadmap on the remaining land assets?

Satish Parakh: There is no typical SEV we have acquired this land bank and on opportunities when we get a

good price and which can get advantageous from our tax planning structures we definitely monetize this land banks so we have done this in the past couple of quarters where we have been able to monetize that and we will do that as and when opportunity arises so this is no specific timelines but intension is there so whenever required and of course and when the business also

requires of money.

Kapil Agarwal: Any particular run rate, which it works with?

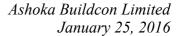
Satish Parakh: No specific run rates.

Kapil Agarwal: Thank you Sir.

Moderator: Thank you. Next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Good evening Sir. My question was with respect to working capital increase that we have seen

during the quarter and you said it is because of power T&D EPC that we do just to better





understand this increase it is on accounting when say buildup or is there some increase in our receivables. I basically want to understand if it is because of you were not been able to reach a milestone to be able to bill to the concerned client or is it because you have not been able to collect money from the client?

Satish Parakh:

Not on the basis of not able to collect money from the client it is more based on the milestones of billing cycle like it is a quite long generally takes four to five months for instead of billing to be made so we keep on procuring, we keep on erecting but it can be turn only at certain milestones and that is generally the reason why working capital requirement is higher.

Prem Khurana:

Is it fair to assume that the number would come down in next quarter and given the fact that you would have already spent more than four, five months which is what you talked about in terms of getting the revenue recognition threshold?

Satish Parakh:

Next two quarters it will not immediately come down in the quarter. What has been the billing cycle with most of the projects which have now come to next two quarters it will come down so the execution will get totally over then billing also would have got done substantially so this requirement will come down and payments of goods have been made.

Prem Khurana:

Sir on your APC side we pay tax of almost around 33%, 32% but if I were compare a number some of our peers, some of our peers claim ADI benefits on the NHAI I mean the job of work they receive from NHAI so what is your take on that why do not we take that the NHAI numbers, from the number we do not get to see that?

Satish Parakh:

Since we are not executing any job for NHAI directly that most of the contracts, which are executing are majorly for our BOT projects, exemption at the BOT SPV level.

Prem Khurana:

Sir and if you work on NHAI this Eastern Peripheral Expressway, which would have come from your NHAI, so would we be kind of claim that benefit?

Satish Parakh:

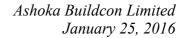
We will see that though we have our own decisions if it is available.

Prem Khurana:

Just one last question would you be explain why was the EBITDA margin number very high in this quarter for BOT segment. It was almost around 74% this number may not seen by this last seven, eight odd quarters now so what you expect to jump sudden jump in our EBITDA margin for the quarter?

Satish Parakh:

What has happened in the quarter that the revenues have been more so you can so find is below the turnover the revenues the expenses has not changed substantially. In fact there has been savings. Of course that will push cost majorly otherwise from operating expenses nothing much has gone up so revenues have gone up by almost tend to the revenue side for all 11% to 12% or more than that so that the reason why there is this uptake in the margins on quarter-on-quarter. On year-on-year if you ask me it will be higher because Dhankuni project came into capitalization fully for FY2015 for the nine-month there was no Dhankuni.





Prem Khurana: On EPC side the margins are down and because of this higher proportion of revenue recognition

from power T&D EPC?

Satish Parakh: There are generally the EBITDA margins are in the range of 10% so they definitely would

slightly go down.

Prem Khurana: Thank you. That is it from my end.

Moderator: Thank you. Our next question is from the line of Parikshit Kandpal from HDFC Securities.

Please go ahead.

Parikshit Kandpal: Sir just wanted to know this 26%, which we have to get our share transfer where we own

economic interest so have we already paid the consideration for that or you still have to make the

payment?

Satish Parakh: We are making the payment.

Parikshit Kandpal: That is from my side. Thanks.

Moderator: Thank you. Ladies and gentlemen that was our last question. I would now like to hand the floor

to the management for closing comments. Over to you Sir!

Satish Parakh: Thank you all for being the conference call. At this point in time, we would our in case of any

queries, you may get in touch with Stellar Investor Relations who are our investor relationship advisors or feel free to get in touch with us. The reference numbers are already in our

presentation.

Ashish Shah: On behalf of IDFC Securities, I would like to thank everybody for participating in the call. Thank

you, Mr. Parakh and thank you Mr. Mehta for giving us the opportunity to host this call. Thank

you.

Moderator: Thank you very much for the management. On behalf of IDFC Securities that concludes this

conference call. Thank you for joining us. You may now disconnect your lines.