



**“Ashoka Buildcon Limited
Q1 FY2023 Earnings Conference Call”**

August 11, 2022



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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2023 earnings conference call of Ashoka Buildcon Limited hosted by Centrum Broking Limited. 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. Ashish Shah from Centrum Broking Limited. Thank you and over to you Ashish!

Ashish Shah: Thank you Margaret. On behalf of Centrum Broking I welcome everyone to the Q1 FY2023 earnings conference call of Ashoka Buildcon Limited. We have from the management Mr. Satish Parakh – Managing Director and Mr. Paresh Mehta – Chief Financial Officer and we also have Stellar Investor Relations connected on the call so let us begin the call and over to you Sir for the opening remarks.

Satish Parakh: Good afternoon. We would like to extend a very warm welcome to everyone on earnings call for the first quarter that ended June 30, 2022. Along with me, I have Mr. Paresh Mehta, our Chief Financial Officer on the call. Let me start with key developments in the first quarter of FY2023.

Company recorded an order book of 14780 Crores backed by healthy order intake. Let me now give an update about projects. As mentioned earlier we have entered an asset sale transaction of Ashoka Construction Limited of 5 SPVs by entering into a share subscription and share purchase agreement with Galaxy Investments Private Limited II Private Limited an affiliate entity of KKR. The agreement is to be completed soon after receiving required approvals from vendors, NHAI and other relevant stakeholders and completion of certain conditions previous requisites. We have received approvals from few vendors and other stakeholders. We are in process of completing the entire process and balance EPs. The deal will transfer the entire share capital of these five BOT projects, SPVs including repayments of shareholders loan for an aggregate consideration of 1337 Crores.

The total proceed received will be utilized for the facility by exit of Macquarie of Ashoka Construction Limited allowing SBI Macquarie exit the company fully. Further transfer of these five SPVs we have reduced the consolidated project debt of ABL by 3014 Crores. Also we have executed a share purchase agreement with National Investment and Infrastructure Fund Limited for sale of 100% equity of CORR for an aggregate financial consideration of 686 Crores. Around 686 Crores ABL is expected to receive around 150 Crores. 150 Crores towards loan increment and 200 Crores towards, 50% equity, state electricity, post this transaction the company will remain with the following venture, Highways and Minor Ports Department. 74% equity stake in one toll project, Jaora-Nayagaon, three fully owned annuity projects, Mudhol Nipani, Bagewadi Saundatti and fully owned projects.

As mentioned earlier we are in discussion to introduce Jaora-Nayagaon BOT toll project. We have executed a construction agreement with NHAI 1079 Crores for development of six lane, Greenfield highway from Baswantpur to Singondi Section of NH 150 C, and hybrid annuity

model under Bharatmala Pariyojana. The construction period is 112 days and the operation period is 15 years. The total equity requirement for 11 HAM projects including PIM was 1335 Crores of which we have already invested 1107 Crores including PIM as of June 2022.

Coming to the order book as mentioned we have achieved robust order inflow. Some of the key and large order received from first April are as follows: As I said earlier, we have executed a construction agreement for 1079 Crores development of six lane Greenfield National Highway from Baswantpur to Singondi kilometer 162.52 to 203.1, LOA from Government of Republic of Guyana USD 106 million for construction of East Coast Road Linkage at Guyana, LOA for a project construction for the Fintech Digital Institute from Government of Rajasthan for Rs.600 Crores. This project is through JV where Ashoka is having 65% stake and Ashoka Buildcon is the bidder. This project is to be completed in 18 months.

LOA from East Central Railway of 208.89 Crores for provision of 10 collision advance system. This project is to be completed in 24 months. The breakup of 14780 Crores order book as of June 2023 the breakup of 14780 Crores order book as on June 30 2022 is road project compromise about 8929 Crores, which is 60.4% of the total order book. Among the road project order book HAM road projects is to the tune of 3162 Crores and EPC projects are to the tune of 5857 Crores. Power TND orders were around 2355 Crores which is approximately 15.9% of the total order book. The EPC building segment contributed 2302 Crores which is 15.6 Crores of the total order book and railways stood at 1142 Crores which is 7.7% on the total order book.

EPC work for CGD business compromise the balance of 51 Crores and the current order book including project received as of June 2022 stands at Rs.15355. Let me reiterate that our focus remains to bid strong EPC business in the segment of highways, railways, power TND and buildings. The current order book of 15355 Crores provide us with a good visibility of EPC business growth.

On the asset portfolio front we have already built 11 new HAM projects portfolio in terms of new project bidding. Our priority will remain more HAM projects to strengthen the hand project portfolio further. This is all from my side. I would now request Mr. Paresh Mehta to present the financial performance of Q1 FY2023. Thank you.

Paresh Mehta:

Thank you Sir. Good afternoon everyone. The results presentation and the press release for the quarter have been uploaded on the stock exchanges and on the company's website. I believe you all may have had gone through the same. Now, I would like to present the financial result for the first quarter ended June 30, 2022.

Starting with the consolidated results, the total income for Q1 FY2023 grew by 46% year-on-year to Rs.1916 Crores as compared to Rs.1310 Crores in Q1 FY2022. EBITDA stood at Rs.521 Crores in Q1 FY2023 with a margin of 27.2%,. PAT is at Rs.135 Crores in Q1 FY2023. The revenue mix has changed and it is higher on the EPC side compared to which margins are impacted. Coming to the standalone numbers, the total income for Q1 FY2023 stands at Rs.1510 Crores as compared to Rs.1058 Crores in corresponding quarter last fiscal, registering a growth

of 43%. EBITDA for the quarter was at Rs.176 Crores with EBITDA margin of 11.6%. The company reported net profit after tax of Rs.104 Crores in Q1 FY2023. During Q1 FY2023, BOT division recorded a toll collection of Rs.287 Crores as against Rs.207 Crores in Q1 FY2022 and Rs.268 Crores in Q4 FY2022. Total consolidated debt as on 30th June 2022 stood at Rs.7127 Crores, of which project debt is 6014 Crores of which Rs.3014 Crores stands for project debts of five BOT projects NCD stood at Rs.250 Crores at ACL level. The standalone debt is at Rs.862 Crores, which comprises of 187 Crores of equipment loans and Rs.674 Crores of working capital loans. The standalone debt has increased because of delays in collection with the road checker typically in Q1; however things will have improved since July. However the total consolidated debt of Rs.7127 Crores Rs.3040 will be transferred along with five SPVs of BOT project. Post the sale transaction, EPC consolidated debt will be 4113 Crores.

With this we now 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 Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good afternoon Sir and congratulations on the good set of numbers. Sir my first question is on the working capital, as you had alluded to the fact that the working capital has increased primarily because of delay in getting some receivables, is it from the EPC or HAM and at what level we expected to normalize in next five months?

Paresh Mehta: Historically if you see the September and the December quarter generally working capitals are slightly higher than what is normal so if you see the first couple of weeks in July certain delayed payments of June end we have received for more than 100-odd Crores and going forward for the HAM projects the disbursement would happen in this month so they would take care of the additional burden of debt. We believe going forward this working capital requirement would be in the range of 400-odd Crores plus equipment debt of 180-odd Crores.

Mohit Kumar: Understood Sir. 400 Crores is the number which we would see by the end of Q2 or fiscal is my understanding correct Sir?

Paresh Mehta: Yes, around Q2 400 Crores to 430 Crores.

Mohit Kumar: My second question is on the monetization bit, you are working on parallel multiple things but out of which Jaora-Nayagaon let us say the sale of HAM through InvIT or to investor which one do you think likely to happen in near term and if the HAM you are looking for InvIT that will take some time right. Is my understanding correct?

Paresh Mehta: Right, as regards the BOT projects five BOT projects and the Chennai ORR project we expect to close the deal by September end or around September or may be a month or so plus minus. As far as the other projects are concerned they are under pipeline. The HAM projects the 11 HAM project or rather 10 which are almost 106 except for one, which is on the HC these are expected

either there could be a buyer for it or we may so begin with, InvIT definitely there is some time away.

Mohit Kumar: Okay. Sir Chennai ORR what is the inflow which one can expect from this sale to us?

Paresh Mehta: As we said the total consideration is 686 Crores of which approximately ATL expects to get around 450 Crores of which 250 would be against debt financing to the SPV and 200 against its equity.

Mohit Kumar: So 200 Crores will be the free cash flow to us is that right Sir?

Paresh Mehta: Right.

Mohit Kumar: Understood Sir. Thanks a lot and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: Good afternoon Sir. Thanks for taking my question and congrats on strong execution once again. Sir my question was basically pertaining to the couple of new orders that we have procured, one order as we had re-announced is for the railways in terms of the Kavach scheme that we have announced, that is a decent 186 Crores kind of an order and there is also one more order from Government of Rajasthan for IT and Communication can you just may be give us some highlight as to what exactly is a nature of our work or the scope of work for these projects?

Paresh Mehta: Kavach is typically the single lane system anti-collision system which we are will be addressing and Rajasthan project is pertaining to a building construction for Fintech Digital institute.

Vibhor Singhal: So the Rajasthan project is just about constructing a building for The Digital Institute right?

Paresh Mehta: Approximately 11.56 lakh square feet.

Vibhor Singhal: Okay so our scope of work is just constructing the building?

Paresh Mehta: Right.

Vibhor Singhal: And Sir for the Kavach project what is our scope of work what we will be doing?

Paresh Mehta: We will be providing all the necessary equipment for avoiding collision and other railway signaling system.

Vibhor Singhal: So are we going to layout the optical fiber cables or are we going to basically help them provide the equipment for the anti-collision system itself, so our work will be mainly EPC only right in terms of laying down the cables and all that?

- Paresh Mehta:** Right it is a total solution for fixed part of the contract.
- Vibhor Singhal:** Sir just wanted to get more colour on these and I think we have been bidding for variety of projects now I mean of course we have power transmission, railways and roads which are our bread and butter, buildings, of course, something which we have already excelled in but these seems to be entirely a different kind of a domain so I just wanted to understand why are we going into this kind of a domain in which we will never venture before, the opportunity also is not a huge opportunity if you look at it in terms of if you compare it with roads and buildings or railways so what is the specific reason that we have gone for this kind of a project? Sir basically as you mentioned that the details about the Kavach project what I wanted to understand was Sir what is our specific reason for going for this kind of a project. This is completely uncharted territory for us, we have never done these kind of projects before, opportunity wise also I am sure this project this domain cannot be as big as the railways or roads or any other domain that we have already very experienced in so is that we are seeing some very strong opportunity in the segment and the margins in this segment better so what is the specific reason for us going into this very niche segment of laying out this optical fiber cables and this project?
- Satish Parakh:** See this is an anti-collision safety point of view, railways is now putting up this project for the entire railways. So it is definitely going to be a big opportunity and only few players are there in this segment and we have a good control on doing such projects because we had been dealing with smart infra headwinds, hardware and software projects so this actually we have skills which are required completely for this kind of works and therefore we have entered into this and we see a good opportunity going ahead.
- Vibhor Singhal:** Sir just may be if I ask my first question again, what is exactly going to be our scope in this project? Is it only going to be laying out off cables or are we going to provide some electronic equipment also for this anti-collision project that we are talking about?
- Satish Parakh:** Laying of cable is a very small portion of the whole order. Primarily it includes the hardware and software, 50 locations we have to cover and around 403 kilometers of length of railways in Jharkhand and Uttar Pradesh and Bihar we have to cover. It is completely anti-collision system atomization as far as collision is concerned.
- Vibhor Singhal:** Sir these kind of let say I would say electronics related optical fiber cables projects are we going to bid for them ahead and also if they come from let say not from railways but other departments also are we going to go ahead with those projects also?
- Satish Parakh:** We had been doing this last two years. KPON, which is Kerala Optic Fiber Network which we have already done and more than around 20,000 kilometers of fiber laying we have already done. In all our highway projects we do around 300 kilometers in each project so this is not new for us and as far as software and technology is concerned, we are well versed with since last two years. So this is a segment which we look forward, automization, digitization will be another focus areas for the company.

- Vibhor Singhal:** Great to hear that. Sir similar question was on the projects from Guyana so I think Sir after Mauritius and Maldives this is the third basically overseas location that we are kind of venturing into so just wanted to again we have a strategy here are there some specific geographies that are there in mind that okay we will go to these countries and if there is an opportunity and we will focus on only in these countries, or are we like open to working I mean in the vicinity of India are we open to working in any country where we find a good opportunity?
- Satish Parakh:** After completing the first phase of Maldives we bagged second phase which is also now nearing completion and there is a third project which is building or housing project which we are likely to start may be Q3 or Q4 of this year. So all this have been one strong areas other than these we have bagged Guyana and we are focusing on African region. We are lowest in EXIM Bank for that project of Bangladesh also. We are developing in different vertical. After doing Maldives in last four years there is an independent vertical for doing international projects and wherever an opportunity wherever there EXIM Bank funded where funding is guaranteed and margins are intact we are focusing on those areas. So this vertical may be independent and grow with like we are building, power and railways.
- Vibhor Singhal:** Sir any target that we have set for ourselves let say may be five years down the line we want an international order book to be may be 10% or 15% or nothing like that will be all opportunity based?
- Satish Parakh:** 100% opportunity based.
- Vibhor Singhal:** Just last book keeping question if you could just provide I mean after the first quarter results what is the overall revenue for FY2023 and the margin that we are looking for in terms of guidance what we are looking for FY2023 revenue margins?
- Paresh Mehta:** From revenue perspective, we target approximately 15% to 20% growth minimum in this quarter, based on order book now and new orders to come in we will keep on reassessing these value in Q4 probably otherwise 15% to 20% is generally okay for the year.
- Vibhor Singhal:** Sir margins?
- Paresh Mehta:** Margins based on today's costing and other things, would be in the range of 9% to 10% is what we strongly believe going forward, even based on what is for Q1. These are basically because of high cost and certain projects which are taken at prices considering increase from an entry's perspective.
- Vibhor Singhal:** Got it. Sir many of the players are saying that from Q3 onwards they might see some uptake in margins because by then the commodity prices most likely probably might be cool off and also a newer projects will start coming into execution do we expect a similar kind of a thing or for us it could be just a straight line walk?

- Paresh Mehta:** It happen depends on also our international project taking up because there margins could be slightly better so it will all depend on the mix of the project as well as whatever you have suggested changing commodity prices.
- Vibhor Singhal:** Got it, great Sir. Thank you so much for taking my questions and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good afternoon Sir. Thank you for taking my question. Sir my first question is on the revenue breakup, can you please provide the revenue breakup segment wise for Q1 and competitive comparable Y-o-Y?
- Paresh Mehta:** Our road EPC was 1050 Crores against 830 Crores for last quarter.
- Jiten Rushi:** Sir cannot hear your voice can you repeat?
- Paresh Mehta:** Road turnover for Q1 was 1050 Crores against 830 Crores for Q1 FY22 in the power division we had turnover of 160 Crores against 41 Crores railways 153 Crores against 99 Crores CGD business was approximately 13 Crores over 6 Crores and RNC and other sales 50 Crores against 25 Crores.
- Jiten Rushi:** Sir buildings any execution building any progress?
- Paresh Mehta:** It is still tenuous not very significant in two months, we need to pickup in the Q3-Q4 quarters.
- Jiten Rushi:** In terms of the order backlog are these international projects covered by cost escalation or it is fixed price contract and we build better margin as you said in previous question so this all it was like the international contract?
- Satish Parakh:** These are fixed price contract international contracts are fixed price contracts and we do get benefit of dollar going up and we have to estimate in contingency escalation or whatever with our experience we need to estimate that. If we go wrong there we can get a hit and if we are positive, definitely it goes positive but some coverage is there because of the appreciation of dollar or depreciation of rupee whatever.
- Jiten Rushi:** Mark to market risk we have to take into account while bidding for such projects?
- Satish Parakh:** Yes international definitely.
- Jiten Rushi:** Sir then what is the mix between fixed price contract and the variable price contract in this order backlog of almost more than 3500 Crores so, can you give us the breakup in terms of percentages?

- Satish Parakh:** These are all 80-20, 80% is around which is covered by escalation and 20% are fixed price contract where we have to estimate escalation.
- Jiten Rushi:** This should be mostly overseas contract, fixed price one?
- Satish Parakh:** One of the contract in India like which we have taken from Adani's for West Bengal project.
- Jiten Rushi:** Sir you had said in the opening remarks about the equity, the balance equity would be HAM project so what I can see is like total equity invested is 812 Crores and PIM over 295 Crores so what is the total equity required including PIM and excluding PIM and how much have we invested if you can give breakup including PIM and excluding PIM and then in terms of years?
- Paresh Mehta:** Yes so excluding PIM which is typically will depend on how the inflation index moves but excluding PIM and as well as including the last project Baswantpur to Singondi HAM project total equity requirement is 247 Crores for the HAM projects which typically is...
- Jiten Rushi:** So total would be how much including all the 11 excluding PIM?
- Paresh Mehta:** That is 247 plus 813 Crores.
- Jiten Rushi:** Okay and how much you invested so far?
- Paresh Mehta:** 813 Crores as I said. See 813 we invested 247 too we have invested over two years 2023 and 2024 163 in 2023 and 84 in 2024.
- Jiten Rushi:** Sir including PMI what could be that number Sir?
- Paresh Mehta:** Including PMI the PMI number will vary but based on our view current budgeted PMI we are approximately against estimated 380 Crores of PMI we have received 294 so another 70-80 Crores to be received. This will change as project will go, this is one variable the committed equity is what we have already given.
- Jiten Rushi:** Basically Sir this would be fully invested in all the time of operational projects, and only 180 Crores in construction and operational mix?
- Paresh Mehta:** Yes, so out of 247 approximately 115 is pertaining to the last project, project Baswantpur which is yet to be financially closed so if we reduce that then the net investment to be done is 130 Crores on the already under execution HAM projects.
- Jiten Rushi:** Sir on the execution side so you said Maldives project is expected to start by Q3 and Q4 but what about this NTPC solar and the Mumbai SPV project any updates, they are quite some time now and the solar is nonrenewable.
- Paresh Mehta:** Could you repeat your question?

- Jiten Rushi:** Sir in terms of the order backlog so NTPC Solar project what is the status, is there anything you want to remain order backlog or you cancel it because the module prices are very high?
- Satish Parakh:** NTPC Solar project is only going on so it is in the order backlog.
- Jiten Rushi:** But what about the encouraging model price Sir, any cushion we have or we have to pay penalty for that or what is the status as of now Sir?
- Satish Parakh:** As of now we are progressing without model and we have discussion with the authorities. So till now we have reached any solution.
- Jiten Rushi:** Last question from my side on the deals with KKR and NISS what is the outstanding equity and debt in Chennai ORR?
- Paresh Mehta:** Debt is approximately 650 Crores in Chennai ORR and equity is approximately 189 Crores.
- Jiten Rushi:** This is including loss funding and sub-debt the equity of 189 Crores is?
- Satish Parakh:** This is basic equity and support given by Ashoka Buildcon is 250 Crores which will be returned when the deal happens.
- Jiten Rushi:** Sir on this five projects, Bhandara so what is the current status of outstanding debt and the equity in terms of equity and support?
- Paresh Mehta:** On the five projects the BOT projects?
- Jiten Rushi:** Yes.
- Paresh Mehta:** In these projects approximately 2200 was the invested equity and support debt which we are liquidating at 30-37 so this is the position and as of 1st April 2022 project typically is this we are just finishing the, we are taking care once the funds transfer happens it will be their project.
- Jiten Rushi:** So basically what is the breakup between the equity and sub-contract if it is possible to give?
- Paresh Mehta:** The equity is approximately 735 Crores and debt is the balance. This debt is inclusive of both kinds of debts some construction is very time funded part equity debt and also debt is also in the form of supportive debt majorly for projects like Sambalpur.
- Jiten Rushi:** That is it from my side. For further question will come back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Harsh Shah from Elara Capital. Please go ahead.

- Harsh Shah:** Thank you so much for the opportunity. Sir I had two questions basically, first have you started with the Adani Road Project in West Bengal I mean start from Q2 onwards so if you can just provide an update on that?
- Paresh Mehta:** Yes this project is already started and 12% we are funding around this project.
- Harsh Shah:** The second question is so we receive around 600 Crores so 140 Crores from the KKR deal as well as 450 Crores from Chennai ORR by September or probably Q3 onwards so what are we going to use that money for is it are we going to pay off our debt on standalone basis or are we going to give it as a dividend to the shareholders or something if you could provide some guidance on that?
- Paresh Mehta:** I think we will come to the stage when we are ready. There could be both options we have to check out debt on certain projects, but otherwise I think we will take the step when we are pretty close to the realization of the cash.
- Harsh Shah:** By when will we get the money?
- Paresh Mehta:** The long stop date is September so somewhere around that period may be depending on permission from NHAI, it may be plus minus one month to two months but otherwise we expect that September is the long stop date.
- Harsh Shah:** Okay thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Nikhil Abyankar from DAM Capital. Please go ahead.
- Nikhil Abyankar:** Thanks for the opportunity Sir. Most of my questions have been answered but I would like to go back to the margin, Sir historically our margin has been in the range of 11% to 12% and some of the companies has also seen an sequential increase in the margins in Q1 so what exactly is the reason you are saying that will take around 10% irrespective of the international orders?
- Paresh Mehta:** See our order book is a mix of projects which are bid at various margins, the HAM project would be bid at 13% EPC around 11% and the new entry 11 projects may be slightly will be adjusted from an entry perspective. From that perspective the mix would typically result in a 10% which is also taking into account that the escalation continues to be as it is. If the escalation improves the commodity prices would reduce the margins could go up.
- Nikhil Abyankar:** So is it fair to assume that the share of EPC execution will be way higher in this financial year?
- Paresh Mehta:** Yes that is true.
- Nikhil Abyankar:** Can you give us the breakup of it what can be the revenue share from each segment?

- Paresh Mehta:** Immediately I would not be in a position to tell you what is HAM is approximately 3000-odd Crores of which almost 65% to 70%, 60% would get over by March 2023 so rest all would be EPC contracts. Out of the total revenue estimate of around say 5000-5500, 2000 would be contributed by HAM projects and rest could be EPC either road or other sector.
- Nikhil Abyankar:** Understood Sir. That is all from my side. Thank you.
- Moderator:** The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** Good afternoon Sir and thanks for taking my question. Sir couple of questions on my side; first how do you see the competitive intensity in the various segments where we are bidding and going ahead what is the kind of mix in terms of order intake from various segments is what we are targeting?
- Satish Parakh:** Our focus remains on highways. This could be mix of HAM and EPC, NHAI, MoRTH, NHAIBCL or it could be even states like UP, Bundelkhand Expressway and all, so it is all the opportunities which are coming up in Q3-Q4 will decide the mix but our definite strength is highways and our focus also remains. In addition to highways simultaneously developing our power portfolio railways portfolio and building portfolio and while doing this definitely there are challenges in terms of PQ-TQ and getting JV partners and bidding like getting entry into this sector and getting established so this is a phase where we are developing new verticals so little overheads are also going up.
- Parvez Akhtar Qazi:** Okay but what is our terms on the competitive scenario for NHAI and especially post COVID we are seeing very significant competition where do we expect that it will moderate this year or we expect it will probably remain at these levels only?
- Satish Parakh:** It is very uncertain to predict the competitive aggression in the market. Last year we have seen a huge aggression. Going ahead I do not know Q3-Q4 should show enough order and those people have taken aggressive projects also will understand what exactly they have done. The reasonable thing should prevail but looking at the qualifications which have been diluted we do not know whether new players come in jump in will the aggression will remain not remain and that is why we have decided to ourselves put into various sectors and become all round EPC players.
- Parvez Akhtar Qazi:** So what is the status of the land availability for the 11 HAM project and also for the Banur – Kharar project?
- Paresh Mehta:** The land availability most of the project is 80% plus, I said one project which we are suffering is Punjab which is IT Chowk project other than that we are comfortable on land as well as other HAM projects are comfort. NHAI straight forward in giving PCOD and COD and if land is not available they are even ready to descope it so land is not going to really affect the portfolio to a major extent.

- Parvez Akhtar Qazi:** Okay and just one book keeping question, what is the Capex that we incurred in Q1 and what is the equity that we infused in Q1?
- Paresh Mehta:** Capex in Q1 approximately 15 Crores and equity invested in Q1 was 77 Crores.
- Parvez Akhtar Qazi:** Thanks Sir. All the best.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Thank you for taking my question. Sir on the capex front what is the target because you have done 15 Crores now and full year target.
- Paresh Mehta:** We have approximately budgeted the total Capex of approximately 150-odd Crores where the new project which will take off in Q3-Q4 will require so this is approximately 120-150 Crores is what Capex we intend to do by last 2023.
- Jiten Rushi:** So this high capex we can expect in 2024 also many projects will come in so FY2023 will see that high capex before we see suppress in Capex any thought on that Sir?
- Paresh Mehta:** I think so this capex should be sufficient to take new orders also and FY24 should be typically not so high.
- Jiten Rushi:** Sir few a more questions from my side, if you can give the June ending numbers for debtors creditors inventory mobilization advance retention and debtor?
- Paresh Mehta:** For the June ended the debtor position was around 1000-odd Crores and against which advance was around 442 Crores and credit payables 847 Crores and unbilled revenue around 1200 Crores.
- Jiten Rushi:** Retention Sir in inventory?
- Paresh Mehta:** Inventory is what 120 Crores, WIP which is called unbilled revenue around 1200.
- Jiten Rushi:** Retention is how much?
- Paresh Mehta:** Retention money could be approximately 183 Crores.
- Jiten Rushi:** Sir in terms of order book what is your guidance for this year because our first quarter have been very good and Q4 the order inflow has been very good and we are accumulating the order backlog and the focus is on execution so any thought on what is the target for order book this year and also what is the current executable order backlog?
- Paresh Mehta:** So order backlog I have told you it is 15000-odd Crores...
- Jiten Rushi:** I am asking executable so there could be projects which are yet to start execution what is the current executive order backlog

- Paresh Mehta:** There are only two three projects which are yet to start this will all take off in Q3-Q4, may be all one or three projects will commence in Q1 of next year so we can say around 13500 to 14000 is what will come into existence next year.
- Jiten Rushi:** Sir the order inflow target for this year end what could be the mix in terms of order backlog.
- Paresh Mehta:** NHAI and Ministry has been aggressively announcing that they want a very bid out more than 8000 kilometer this year and what we have done is only 2600 in Q1 or till date Q3-Q4 should throw up lot of bidding opportunity particularly with Ministry of Road and Transport and other states would throw up a good opportunity. Other than this we see a good opportunity.
- Jiten Rushi:** How much Sir?
- Paresh Mehta:** Order intake we would be around 6000 to 8000 Crores we should bag in Q3-Q4.
- Jiten Rushi:** This is additional amount for next eight-nine months. Yes on the Jaora-Nayagaon when can we expect any conclusion in terms of bid?
- Paresh Mehta:** We are almost in serious discussions from the documentation part and we should be completing any time soon may be a week or two's time to see some light.
- Jiten Rushi:** Okay Sir, that is all from my side and all the best.
- Moderator:** The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Sir thanks for the opportunity once again. Sir my first question is can you talk about power segment are we talking primarily about TND, state TND opportunity or do you still think you would like to do more fuller or so there is compete no-no going forward?
- Paresh Mehta:** If you see can be TND or it can be solar now only what precaution we need to take going forward is not taking any fixed price contract. So our focus will be on book contracts where escalation is pass through.
- Mohit Kumar:** So it means that you look at the private EPC contract because all the PSU contracts are there?
- Paresh Mehta:** No all the PSUs is also coming up, they are ready to pass through, particularly for solar the modules are now being provided by government so we are getting into the new policy they will come after this probably this policy and the plant will be taken care by them.
- Mohit Kumar:** Secondly from the sale of Macquarie I believe there will be a tax shield available right, so that will reduce our outgo from the share which we will do on future is that a fair assessment?
- Paresh Mehta:** Tax shield from what perspective Sir?

- Mohit Kumar:** For the sale of the toll road which were doing at lower than book value right?
- Paresh Mehta:** I do not, no tax there would be minimal tax that are capital gain tax but other than no tax shield available.
- Mohit Kumar:** Okay I will take it offline Sir. Thirdly there was a margin aspiration in medium term? Are we aspiring go back to the year on year half percent?
- Paresh Mehta:** This will all dependent on commodity prices, bidding intensities so I think it will be in the range of 9% to 11% or may be 12%.
- Mohit Kumar:** Lastly Sir are we seeing any BOT opportunity from NHAI or some other states?
- Paresh Mehta:** Not really anything significant.
- Mohit Kumar:** Thank you and all the best Sir.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Thank you Sir for taking my question again. Sir just following up on Mohit's question which he asked just now I think what we trying to ask is that, as you mentioned that we have invested 2200 Crores of equity into the Macquarie portfolio and we are selling it for 1300 Crores so is there a capital loss that we would be booking which will give us the benefit of any tax credit that we can utilize thereon?
- Satish Parakh:** There would be capex process which will be available in the ATL level to be absorbed in future.
- Vibhor Singhal:** Okay so that would be a ATL level right but because the investment have been made from Ashoka Buildcon level would that also result in some tax benefit so what he meant by tax shield is only tax benefit that we would get from this sale which you can utilize in future years and if yes is there an quantum to it that you can probably provide at this point of time?
- Satish Parakh:** At present at ATL level there would not be any significant movement because ATL will continue to hold ACL as a subsidiary.
- Vibhor Singhal:** Okay got it. So the benefit will all at the ACL level?
- Satish Parakh:** Right.
- Vibhor Singhal:** Got it. Sir one small question on the order book Sir two projects one is the Banur- Kharar project in the EPC road segment and the other is the Kwaram Taro in Assam these projects have not seen any execution for the past four to five quarters so any specific reason that these projects are not basically showing any progress, are they stuck from here?

- Satish Parakh:** The Assam project we just received appointed date. The progress will start in Q3-Q4, we have done something done in Q4 also and which was the other one.
- Vibhor Singhal:** Banur- Kharar?
- Satish Parakh:** That also likely to start in Q3.
- Vibhor Singhal:** But these orders were in our book since Q1 last year?
- Satish Parakh:** See after only getting we will complete land acquisition then only account will be done.
- Vibhor Singhal:** Sir now the follow up question is are there any projects in the order book right now which do not have that appointed date and which could see no execution for the four five or may be two three quarters?
- Satish Parakh:** Two three quarters there is only one building project of hospital PPT it will be executed in the next two quarters.
- Vibhor Singhal:** Okay apart from that all the projects that we have in the order book they are all under execution and they have land acquisition in appointed date.
- Satish Parakh:** Yes.
- Vibhor Singhal:** Got it. Great Sir. Thank you so much for taking my questions and wish you all the best.
- Moderator:** As there are no further questions from the participant I will now hand the conference over to Mr. Ashish Shah for closing comments.
- Ashish Shah:** On behalf of Centrum Broking I like to thank all the participants for attending this call and also thank you to the management for giving us the opportunity to host the call. Sir any closing comments from your side.
- Paresh Mehta:** We thank all the investors who have joined the call and if you have any follow up questions or any queries or enquiries you can always connect with me or Stellar Advisory for further clarifications. Thank you.
- Moderator:** Thank you. On behalf of Centrum Broking Limited that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.