



“Ashoka Buildcon ACL Asset Sale Transaction Conference Call”

December 27, 2021



MANAGEMENT: **MR. SATISH PARAKH – MANAGING DIRECTOR**
 MR. PARESH MEHTA – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Ashoka Buildcon Call to discuss ACL Asset Sale Transaction.

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. Satish Parakh, Managing Director of Ashoka Buildcon. Thank you and over to you sir.

Satish Parakh: Good evening, everyone and thank you for joining us on our Conference Call. Along with me I have Mr. Paresh Mehta – our Chief Financial Officer. We are pleased to inform you that despite the numerous challenges posed by COVID-19 induced disruption, we have successfully completed an asset sale transaction of Ashoka Concessions Ltd. of five SPVs.

Ashoka Concessions Ltd. has entered into a share subscription and share purchase agreement with Galaxy Investments II Pte. Ltd. an affiliate of funds managed and advised by KKR. For the sale of entire share capital, including repayment of shareholder's loan for the five assets, which include Ashoka Highways (Bhandara) Limited, Ashoka Highways (Durg) Limited, Ashoka Belgaum Dharwad Tollway Limited, Ashoka Sambalpur Baragarh Tollway Limited and Ashoka Dhankuni Kharagpur Tollway Limited for an aggregate consideration of Rs. 1,337 crores. We anticipate to close the transaction by September 2022 subject to the satisfaction of certain precedent conditions, including approval by respective lenders and the National Highway Authority of India. Of the total proceeds received from this transaction Rs. 1,200 crores will be utilized to facilitate the exit of SBI-Macquarie from Ashoka Concessions Ltd, allowing SBI-Macquarie to exit the company fully. Following this, the company will remain with one toll project that is Jaora Nayagaon and four annuity projects which is Hungund-Talikot, Bagewadi Suandatti, Chennai ORR and KSHIP as well as the portfolio of 10 HAM projects. We continue to make efforts toward the monetization of these assets in due course. We would like to inform you that we are in advanced stages of discussion with potential buyers for Jaora Nayagaon and Chennai ORR and expect to sign the SPA by the end of this current fiscal year.

As a strategy, company to focus on building EPC portfolio going forward. This deal is consistent with company's strategies, as it will help improve the company's cash flow, contribute to a significant reduction in consolidate and free up management bandwidth, allowing the management team to further intensify its focus on becoming an all-round EPC player with a primary emphasis on road portfolio expansion through EPC and HAM projects.

With this we now open the floor for Q&A. Thank you.

- Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line by Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Khandpal:** So my first question is on the deal. So how much of inflow from this will come to Ashoka Buildcon standalone entity?
- Paresh Mehta:** So, plain mathematics as it says is for the five assets we will receive, Rs. 1337 crores. We give an exit to SBI-Macquarie of Rs. 1200 crores So, from this transaction Rs. 137 crores is what ABL should receive.
- Parikshit Khandpal:** Because the question was that we have been consolidating the stake in different assets ahead of this deal so is there any dues standing from other shareholders where will we have to give them any consideration for those acquisitions done earlier?
- Paresh Mehta:** Yes. So, most of its purchase is only an extent of around Rs. 27 odd crores should be paid in due course of time. We are awaiting the permission for the same.
- Parikshit Khandpal:** So out of Rs. 137, Rs. 27 crores will go towards that.
- Paresh Mehta:** Yes.
- Parikshit Khandpal:** So now coming to the write-off part. So, just wanted to understand how much of write-off is expected from this, because this has happened below the book value. So, if you can just highlight how much is the total equity investment done against these five assets? How much would be the write-off likely; we will book in this quarter. And also from the other income, which we have been booking in loans and advances, so, how much is the accrued and unpaid other income sitting on the five assets? And do we need to include that also in the write-off?
- Paresh Mehta:** Yes, so, for the total five projects, whatever equity and promoter debt which has been given in the form of either initial construction financing or as part of the equity or construction shortfall debt or revenue shortfall debt and interest accrued on that the same, that would be approximately Rs. 2100 crores as of date, which is on the books of ACL as investment in these five projects. This will require to be adjusted from this earnings of Rs. 1337 crores. So, we will have a net impact of approximately around Rs. 800 crores on gross basis at ACL level and we have already provided for certain impairment of Rs.245 Crores in the past few quarters. So, the net impact would be approximately Rs. 550 crores.
- Parikshit Khandpal:** And what about the other income which we book on the standalone basis, other income on these investments, so, is there any debt which will come on it?
- Paresh Mehta:** No that is already included in the promoter debt. So, it is a total composite amount of debt plus accrued interest on the same.

Parikshit Khandpal: Last question on Chennai ORR and Jaora, both are the state projects. So Jaora has seen decline in traffic because of the construction activities going in some of the stretches which has led to diversion of traffic. And Chennai ORR is already category default rated by India Rating, because the annuities have not been coming on time. So in such a scenario do you think these two assets are monetizable? And will you be able to get good value for these assets? And have we started receiving annuities for Chennai ORR if you can just update us on that?

Paresh Mehta: So as we have already stated, Mr. Parakh has stated in his opening remarks, we are quite at an advanced stage for both these assets Jaora Nayagaon as well as Chennai ORR, with our potential investors. Wherein we are at the stage of SPAs, even the SPAs are getting finalized. So, definitely there is a lot of interest. Talking to specific your questions on JN, it's a financial model which through a valuation number and in Chennai ORR the rating is the only impacted, because there is a delay in the annuity received, this can be very well addressed by the potential investors. So that he can decide how to handle the SPV post acquisition. But the interest is substantially there.

Moderator: Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.

Ankita Shah: What is the total equity invested in the balance five operational assets of ACL? And the 10 HAM projects.

Paresh Mehta: So, on the five BOT that's Jaora Nayagaon BOT and four annuity assets, the total investment is approximately Rs. 530 crores. And in the HAM the total investment as of date is Rs. 674 crores.

Ankita Shah: And the balance amount, is it put in hand project is?

Paresh Mehta: Rs. 300 crores.

Ankita Shah: And within this Rs. 530 crores, the two projects which are in advanced stages for monetization Chennai and Jaora Nayagaon what would be the amount for those two projects.

Paresh Mehta: Around Rs. 350 crores.

Ankita Shah: Total for both the projects put together?

Paresh Mehta: Both the projects, Yes.

Ankita Shah: And on the write-off amount that you have mentioned, so the entire amount when will it be booked, Rs. 550 crores.

- Paresh Mehta:** Because the transaction has already been executed and we are in binding documents the call will be taken, the write-off will be taken in the quarter of December, this December in Q3.
- Ankita Shah:** And what is the debt in all the five assets that are monetized which will lead to reduction in the consol debt.
- Paresh Mehta:** Total debt as of 30th September it is about Rs. 3150 crores approximately.
- Ankita Shah:** On the five assets.
- Paresh Mehta:** On the five assets, Yes.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal, from PhillipCapital. Please go ahead.
- Vibhor Singhal:** You mentioned that the total equity invested in these five projects is around Rs. 2100 crores, that's including all the loans and advances and all the kinds of promoters or promoter loan everything that the SBI-Macquarie Group and the Ashoka Buildcon Company has invested right?
- Paresh Mehta:** Yes, that is investment -- ACL or ABL to these five SPVs. There would be some additions again up to 31st March 2022, some amount will get added approximately Rs. 100 odd crores. And that's how the deal will conclude.
- Vibhor Singhal:** So that 100 crores will that be deduced from that deal value or will that deal value will also increase by that much of amount?
- Paresh Mehta:** No, the deal value will remain same, the cost will increase.
- Vibhor Singhal:** So net value we can say that we will get Rs. 1237 crores instead of Rs. 1337 crores.
- Paresh Mehta:** I mean actually 2100 will grow to 2200.
- Vibhor Singhal:** So net-net we will get that amount. At this point of time is there any debt at ACL level ACL Holdco level?
- Paresh Mehta:** We have Rs. 250 crores of NCD lying which we had raised four months back.
- Vibhor Singhal:** Okay and that will remain. So ACL as an entity will remain after this transaction?
- Paresh Mehta:** Yes, because it will keep on holding the annuity project that is Chennai ORR, Jaora-Nayagaon and the seven HAM projects. Three are held directly by ACL.

- Vibhor Singhal:** So now all the other BOT, annuity, HAM projects they all will be housed in ACL, in which you will have 100% equity holding?
- Paresh Mehta:** Right.
- Vibhor Singhal:** Also, in terms of standalone numbers, we report almost 200 I mean, last year, we reported almost Rs. 192 crores of other income in which around Rs. 118 crores every year has been interest from subsidiary and JV. So, with these five projects going out, can we assume that number will basically reduce to zero? Or will there still be some more, some income coming from other SPVs?
- Paresh Mehta:** So it will substantially reduce, what will be made is around approximately Rs. 30 odd will remain from interest income from ACL.
- Vibhor Singhal:** And that would be from which subsidiary?
- Paresh Mehta:** Basically Chennai ORR.
- Vibhor Singhal:** Okay, so Chennai ORR right now is paying interest to the tune of let's say around Rs. 25 to Rs. 30 crores per annum to ABL?
- Paresh Mehta:** Right.
- Vibhor Singhal:** And if you are able to sell Chennai ORR also by March, then that would also go away?
- Paresh Mehta:** Right.
- Vibhor Singhal:** And going forward, I think, in terms of our HAM portfolio are we still looking to get into BOT projects, I think recently we had submitted bids for three Ganga Expressway, in fact all the four Ganga Expressway packages. So are we still looking to get into BOT projects going forward or is it going to be largely focused on EPC and HAMs?
- Satish Parakh:** See largely the focus will be on EPC and HAM, but if there are really good bids around then BOT is also not a barrier for us.
- Vibhor Singhal:** And in terms of other segments will we continue to bid for projects and buildings and railway segments, which we have recently started bidding --
- Satish Parakh:** In EPC we are going to bid all around, like our primary focus will be roads and railways. And then buildings will be there, power would be there.

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

Prem Khurana: First question was on the Jaora Nayagaon and Chennai, I think we are in the process of monetizing these two assets as well. But just want to understand why these were not a part of the transaction that we have done with KKR, is it that I mean the valuation was not as per your expectation, which is why these were kept out of the transaction or is it because these are state assets, which is why the client was not interested? If you could share your thoughts on these two piece.

Paresh Mehta: These two transactions we have already been talking to another investor simultaneously. So they have been carved out to another investor who is already looking at it seriously. And as I said, they are under a very mature stage of transaction execution. So KKR was interested in BOT projects so these five assets were still on Board to be sold. So, they took interest in these five projects.

Prem Khurana: And on Chennai, just to kind of continue with what Parikshit was trying to understand. I think last time that we tried to kind of transfer the stake in Chennai ORR to Ashoka Concessions, the lender was not, I mean was not willing to kind of extend us the approval. So, you don't see any such situation at least this time around, I mean you get to find a buyer and that lender would be comfortable kind of giving you approval for transfer of the ownership, because last time they refused if I remember correctly.

Paresh Mehta: No, the lender had refused because they said you, please get the permission of the authority and authority will give the permission post COD, so post PCOD. So because we are expecting COD anytime, once the COD is done, then the transfer permission from the TNRDC will be available. And lenders will be more than fine to transfer the stakes from ABL to any third-party investors. And in case third-party investors are deep pocketed investors, I am sure they would be more than happy not to create any hurdle.

Prem Khurana: And on the inflows that will be there for Ashoka as a group, I think you said Rs. 137 crore is what will come from this transaction. Would you get to anything over and above this Rs. 137 crore? Essentially, when I look at last year annual report, I think these SPVs all put together were supposed to kind of pay us almost a Rs. 140 odd crore towards the O&M work that you would have carried out or major maintenance or is it Rs. 137 crore or Rs. 1337 crores is also adjusted for the payables which were due towards O&M or major maintenance or capital credit

Paresh Mehta: Yes, so that is total payable as of 31st March '22, there will be some works still left out, which would be paid by the SPV post 31st March. So, we will execute also then and will be paid also then, by the SPVs that is by the new owner.

- Prem Khurana:** Would you be able to confirm the numbers how much could that be, I mean over and above Rs. 137 crores that you are expecting?
- Paresh Mehta:** No but that will not, that will ever cost also, so I don't have a number at all. There are two contracts of MM in Sambalpur and Indore which should be going on. So, some part of the portion approximately 50%, approximately around, I cannot hold number so, that will be pending to be paid by the SPV.
- Prem Khurana:** No, I was asking about the number which was due as of 31st March. So when I look at our annual report for all these SPVs, some of these for instance, I think Bhandara is supposed to pay us almost around Rs. 26 crore to Rs. 27 odd crores for the work that you would have carried out in the earlier years. So the number that I have with me is around Rs. 140 crore, so this Rs. 140 crore would be over and above this Rs. 137 crores or this --
- Paresh Mehta:** No, this is inclusive.
- Prem Khurana:** And how about impairment as standalone, so I mean the number that you gave us was that ACL, you already provided for a past year investment to the extent of Rs. 250 crore. But when I look at standalone entity, I mean we have not had any impairment as yet. So fair to assume that the impairment that will be there, the standalone entity would be higher than what will be there at ACL.
- Paresh Mehta:** So, the standalone entity of ABL you are talking about?
- Prem Khurana:** Yes, ABL, I am talking about. So how I was looking at the number was eventually you said Rs. 2100 crores investment, Rs 800 crore would have come from SBI-Macquarie, so our investment was Rs. 1300 crore and against the Rs. 1300, we are getting only Rs. 130 crore, right? So which gives me a number of more than Rs. 1,000 odd crore. ACL, I understand, have you already provided a part of the investments so which is where, we won't get to that large number, but at least for standalone entity, which is how the math would work out
- Paresh Mehta:** No, then there will be Chennai ORR available. There will be other assets Jaora Nayagaon available.
- Prem Khurana:** Sure, but their investments are separate, right?
- Paresh Mehta:** Yes, so all approximately the impact on standalone at ABL level would be to the tune of around 600 crores.
- Prem Khurana:** This would be after you monetize Chennai and Jaora, right, net you are talking about.
- Paresh Mehta:** This is before.

- Prem Khurana:** And any claim in any of these SPVs that you are supposed to transfer.
- Paresh Mehta:** No all these remain with ABL.
- Prem Khurana:** How much would the quantum be, I mean, if there is any quantum that you could share with us?
- Paresh Mehta:** It will differ at various levels. So at the right moment only we will be in the position to decide what exactly is the amount. The amounts could be larger, in these five assets will be to the tune of more than Rs. 1600 crores to Rs. 1700 crores. But what will crystallize will take time, and it will get crystallized within say three to six months' time, some may take some more time.
- Moderator:** Thank you. The next question is from the line of Mohit from DAM Capital. Please go ahead.
- Mohit:** The question is, what was the Jaora Nayagaon revenues and EBITDA for H1FY22? And how much you hold in Jaora Nayagaon through ACL and through ABL?
- Paresh Mehta:** In Jaora, Nayagaon, through ACL we hold 27.74% and through our 100% SPVs, we hold 36.26%.
- Mohit:** So it's closer to 73%, right.
- Paresh Mehta:** No, 36.26%, so 36.26% plus 27.74%, total is almost 74%.
- Mohit:** I am asking this because in the annual report it says 51%, so just trying to confirm the number here.
- Satish Parakh:** 51% is more from a control perspective because ACL is the economic interest of, technically 51% by ABL and 39% by Macquarie. And then Macquarie holds 29% directly in Jaora Nayagaon. So, that math from a control perspective 51%, more than 51% is owned by ABL and that's the reason we consolidate.
- Mohit:** Economic interest is for 74%.
- Satish Parakh:** Yes, economic and direct interest, Yes, 74%.
- Mohit:** Can you just share the revenues, EBITDA and date for Jaora Nayagaon for H1FY22?
- Paresh Mehta:** The revenue was approximately Rs. 80 - Rs. 81 crores in Jaora Nayagaon. EBITDA almost to the tune of around 89%, and the debt which was there as of 30th September 21, was approximately Rs. 208 crores.

- Mohit:** Secondly, given that our Phase I of monetization is almost getting over. Are we in discussion now to monetize our HAM assets? And when can we expect COD of Khairatunda to Barwa Adda and Vadodara-Kim, and Belgaum-Khanapur?
- Paresh Mehta:** So, all the HAM projects, we had two projects which are already PCOD done. And we do have certain interest in the projects, but on the way the HAM projects are getting constructed and they will pan out, we believe that it could be another route which is an in bid sponsored by Ashoka Buildcon itself and hold it. So, we are in, though we have already put it on Board, for sale that second alternative is also there to monetize it through an in-bid structure.
- Mohit:** Lastly is there a scope of O&M, in these assets, which you have sold to KKR.
- Paresh Mehta:** Actually, we are presently doing O&M work for SPVs to the tune of Rs.25 Crore.
- Moderator:** Thank you. The next question is from the line of Vaibhav from CIL Securities. Please go ahead.
- Vaibhav:** My question was what would be the debt on the consolidated level after the sale of these five SPVs?
- Paresh Mehta:** So we have totally consolidate around Rs. 6400 crores, of which debt for these five project is Rs. 3150 crores, so approximately Rs. 3300 would be the consolidate debt
- Vaibhav:** Post the sale of these five SPVs.
- Paresh Mehta:** Yes.
- Moderator:** Thank you. The next question is from the line of Devam Modi from Ardeko. Please go ahead.
- Devam Modi:** I just wanted to understand that having now I think this deal has been going on for very long. So, how much of management bandwidth and growth appetite does this have as we are focusing on the core business because I understand this would have taken a lot of management time and bandwidth. And how does this deal, does it like, is it a very, would you say that it is a game changing deal for the balance sheet and the growth appetite of the company going ahead?
- Paresh Mehta:** Definitely the asset monetization is going to help the balance sheet of the company to become more lighter. The debt equity ratio also will improve substantially. Ratings also will go up because the commitments on the debt would go down, as the debt will be going down. From a management bandwidth value also, whatever time was being invested in monetizing these deals and managing these assets, these would be reduced and it will help the management to focus more on the EPC business and then you have road projects.

- Devam Modi:** And what would be any upsides if at all that would be available to us on this deal in terms of any pending claims that we would have rights to, or anything like that if you could quantify the same?
- Paresh Mehta:** So a couple of advantages are there once the deal happens. So these projects definitely require cash in the next few years also, and then they start becoming independent on their own. So that requirement of cash will definitely become zero post this deal happening. So, that will improve the cash flow management of the company.
- Devam Modi:** I was asking regarding any claims --
- Satish Parakh:** -- Claims also, these five SPVs we have claims against NHAI which we are in the process of settlement. So definitely there will be upside in that.
- Devam Modi:** So we will have entire rights to the claims or there will be sort of --
- Satish Parakh:** Yes we have --
- Devam Modi:** It is with ACL or it will be shared with SBI-Macquarie and what could be the indicative numbers over there?
- Satish Parakh:** Nothing has to be shared with anybody.
- Devam Modi:** So that will be available to ABL standalone?
- Satish Parakh:** ABL and ACL.
- Paresh Mehta:** Or ACL, either ways but once it becomes 100% so as you rightly said it is ABL.
- Devam Modi:** And what would be the approximate range in which this claims could amount to.
- Satish Parakh:** Now this cannot be estimated at this stage.
- Moderator:** Thank you. The next question is from the line of Mr. Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** So, the first question is that you know, with a sizable amount of cash that might come in the second part of the transaction which is the Jaora-Nayagaon, what is our thought process in terms of what we want to do? I mean, you did say that you will focus on ham road, but is there anything else you know, we have in mind which will consume that capital. So, essentially, what's our capital allocation philosophy to be once we are done with more sets of transactions.

- Satish Parakh:** I think that we can decide at the time of actually signing the deal we can disclose what we plan.
- Ashish Shah:** Okay in terms of the obligation of 1200 crores to Macquarie so, that remain that 1200 crores, right I mean, because our date for conservation is September 2022 will that 1200 crore will increase or it will remain 1200 crores. What I was saying sir is that this 1200 crore, the obligation that we have towards Macquarie. So, now, that remains at 1200 because the transaction date for cogeneration we are saying is September 2022. So, will the interest for nine months get added to 1200 or it will remain at 1200 only.
- Satish Parakh:** At present it remains at 1200. So, as we had disclosed it was 1100 basic amount with a carry of a 10% with a cap of 1200 total. So, then it will be capped at 1200 at present.
- Ashish Shah:** Okay sir, that is fine and sir, if I understood correctly the receivables etc that we have from the SPV are a part of this consideration of 1337.
- Satish Parakh:** Right.
- Ashish Shah:** Lastly, will it be safe to assume that the settlement of the consideration of the claims will happen alongside the receipt of NOC because typically NHAI while issuing the NOC is insist on kind of settling the entire process which has been going on. So then would it be safe to assume that by March or by June, this whole clarity will also come on the efficient timeline? It is in terms of timeline.
- Satish Parakh:** Yes, we believe so. Timelines can be given for settlement because NHAI comes out with various circulars. It's very uncertain to you know gauge that settlement will happen and encashment will happen in certain timeline.
- Moderator:** The next question is from line of B. Vijayakumar from Spark capital. Please go ahead.
- B. Vijayakumar:** Sir what is the equity outside we lost funding or any support by SBI Macquarie and Tron and other Equity Partners in these five assets.
- Paresh Mehta:** So the total equity including not funding given and it goes as of date 2100 crores as of date.
- B. Vijayakumar:** Sir I just want just the equity portion without the loss funding and the support.
- Paresh Mehta:** Approximately if I am not mistaken around 700 crores.
- B. Vijayakumar:** Okay, and of that 700 crores how much would have been Ashoka Buildcon proportion.

- Paresh Mehta:** In getting specifics of everything all poured into ACL and then construction for this three, four SPVs was already underway. So it's not fungible when he was putting by Ashoka Buildcon around 1000 crores, 800 crores were put in by Macquarie and the total sum was utilized for funding these five assets plus the other two assets of Jaora-Nayagaon and Chennai ORR.
- B. Vijayakumar:** Sir I am just trying to understand our price to book multiple, that's the only reason why I'm asking because of course SBI Macquarie makes 1200 on the investment they made. So more than the price to book multiple on the exit is higher. So just trying to understand you know what, exactly.
- Paresh Mehta:** Yes. So unless we know what exactly is the relation which is possible in other assets, it is difficult to come at a price to go.
- B. Vijayakumar:** Sure sir probably once the Jaora Nayagaon and Chennai ORR is completed, you know, that will be more clear, I need to get in touch with you offline. So you mentioned that the impairment at the Ashoka Buildcon standalone level would be around 600 crores.
- Paresh Mehta:** Right.
- B. Vijayakumar:** And that would be given effect in the third quarter results itself.
- Paresh Mehta:** Yes, that's what we discussed. Maybe very fine tuning and various audit guidelines would decide what exactly the numbers are.
- Moderator:** Thank you. The next question is a follow up from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Just on the last part, so, this is a capital loss for us. So, how can we get tax shield. Sir do you feel we can get a tax shield here from the business profit. So, how are we going to utilize this.
- Paresh Mehta:** So, this could be utilized for when you're selling Jaora Nayagaon and Chennai ORR or the HAM projects definitely and new assets will come. There will be a life for eight years for these losses to be enjoyed.
- Parikshit Kandpal:** So the second question is also in the past we had seen one of your competitors and in the portfolio at about between 1.7x and 1.8x price to book. Do you think that for the other two assets at least we can want to lower side we can attract that kind of value on 350 crores of equity investments.
- Paresh Mehta:** See valuation give always endeavor to get the backs so I think we'll have to wait and watch

- Parikshit Kandpal:** Okay. On the third-party liabilities outside the banking system besides the loan which is going to reduce, is there any other third party liability which will sit on our balance sheet over this closure date, which may require to be paid off so we third party return beyond banks or any last mile commitments towards completion of the size project deferral loans completion. So anything else which will fit beyond this which will lead to be payoff.
- Paresh Mehta:** This is all third-party liabilities including NHAI deferral loans are all inclusive of this 1337 transaction so they are net of audits liabilities.
- Parikshit Kandpal:** Satish sir is not putting any number to the claim but I think you had earlier mentioned about 1500 crores is the total claim, which you have put for NHAI. So we don't know how much you will get finalize. Is the understanding correct? So the final party we are not able to comment but I think the amount which has to be filed with NHAI is about 1500 crores.
- Paresh Mehta:** It is a changing number and it is adjudicated at various levels at various times. So you can use that number maybe but it is kind of candidate. It's not static.
- Parikshit Kandpal:** Okay. Earlier in the call Satish Sir you mentioned that you're open to looking at projects by BOT assets if there's a valid proposition offered by them. So recently, we had seen in the Ganga Expressway, none of the EPC people like those who have strong EPC capabilities like you bidding for these and they are clearly stayed away and most of the bidders were really Pure Pay developers. So that when you understand you intension for a project, when you have 6000 crores and huge equity requirement, like even if you set aside the 40% grant portion liquidity requirement is run into multiple hundreds of crores. So what was the intent? How would have you funded in their project. We just wondering from that point of view, the strategic intent on getting such a large project.
- Paresh Mehta:** For the large projects, which we built, of course, if in the past we have seen generally we have been funding it from our cash flow generated from an EPC Business. Presently, as we also observed that more than 50% of our EPC business is Cash EPC contracts where there is cash generated and also cash generated from the development projects EPC contract. So that typically generally is sufficient to fund the equity requirements of these projects. So that's the strategy. In case we take.
- Parikshit Kandpal:** You said some more from this specific project of 6000 where the requirement would have run into 1100 crores standalone cases, the one single projects, so I just wanted Satish sir's view, because he has I mean, after having such a great experience in selling out BOT assets correctly tell us right off I mean bidding for these projects and future. So just wanted to get some clarity on the strategic intent here because this one single project would have a 1000 crore investment of equity if we had won it.

- Paresh Mehta:** Satish sir can comment on this.
- Parikshit Kandpal:** Yes, so I have a question. So I want to know that you had earlier in the call, highlighted that you keep on evaluating on BOT assets if they offer value. So just wanted your viewpoint on the 6000 crores on the Ganga Expressway project, if we had one that required about 1000 crore equity investment after 40% grant. So just not having a very great experience in this earlier BOT asset. Do you think that still I mean, we continue to bid for sizable project wherein none of our EPC peer to peer EPC player bidding for this Ganga Expressway largely, it was made by developers just wanted to understand your strategic intent here and committing to large project if we had won 1000 crore kind of equity investment so you can just give us some sense. How do you look it?
- Satish Parakh:** See every project will have a different character. I think we understand BOT last 25 years, '96 we were the first player to start with. Okay, we have taken it because of COVID and other issues. Entire industry has taken, but that doesn't mean we don't understand. I think we understand the business as much as everybody in the industry understand. In fact, new players are coming into sector.
- Parikshit Kandpal:** My question is not about understanding.
- Satish Parakh:** Also, of understanding of BOT because we ordered values for reasons beyond our control is a completely non-acceptable statement.
- Parikshit Kandpal:** No, no, I'm not saying I'm not contesting that you have bid for wrong position.
- Satish Parakh:** We understand our business very well sir and we know what we are doing.
- Parikshit Kandpal:** Okay. So I just meant that this one project have probably caught equity investment or not, that.
- Satish Parakh:** Absolutely this is not an issue when we are monetizing all our projects. We will be left with more than that.
- Parikshit Kandpal:** So that was basically the agreement. Sir lastly and the growth now you said we use a lot of management bonds which we will get free, so any upgrade or guidance on growth side because we've got sizable order wins in the financial year to date almost 6000 servers were shuffling projects, we have one order to collect more than 12,000 now, so do you think that we can continue to grow on usual basis of 20 to 30%. Sir there is difference on the growth side at this point and on the margin as well on beta margin.
- Satish Parakh:** Beta and growth wise we are absolutely very confident. Company will do fantastic in coming years.

- Parikshit Kandpal:** At least 50% kind of growth you can do for next 2-3 years.
- Satish Parakh:** Yes, yes absolutely nothing 50 is too low to estimate, but we will do very good numbers in coming years.
- Parikshit Kandpal:** And Beta margin as 11 to 12% it is like because of the share of EPC is much higher.
- Satish Parakh:** Beta margins can vary with, you know, growth, depending upon the competition and all other factors. But growth definitely will be there. Out net profits will always grow. I don't see any challenge going ahead.
- Parikshit Kandpal:** Okay, and we'll be open to take some more subcontracting work sir like we have recently taken to be open even that opportunity is there.
- Satish Parakh:** Absolutely. If they're making sense. If we are making profit out of it, we definitely will go for it.
- Moderator:** The next question is a follow up from the line of Vibhor Singhal, from PhillipCapital.
- Vibhor Singhal:** Sir just two clarification, one is you mentioned that the equity invested in Jaora Nayagaon and Chennai is 350 crores. This 350 crores is inclusive of all loans and advances, lost funding everything.
- Paresh Mehta:** No this is the equity and there is loan advance at Chennai ORR level, loans and EPC of around 240 Odd crores 350 is the basic equity.
- Vibhor Singhal:** 350 crore is the basic equity and there is another exemption of 240 crores.
- Paresh Mehta:** 240 of debt and EPC outstanding at Chennai ORR level.
- Vibhor Singhal:** Okay so put together in these two projects we have almost 600 crores of investment.
- Paresh Mehta:** Right.
- Vibhor Singhal:** Got it. Sir just to get the clarity on the stake part. So, at this point of time, Ashoka Buildcon, Ashoka concessionaire put together how much stake do we hold is around.
- Paresh Mehta:** 74.
- Vibhor Singhal:** And the remaining 26% would be held.
- Paresh Mehta:** SBI Macquarie directly.

- Vibhor Singhal:** Directly and they are not they are not equating that to this transaction they might have been when we sell them, sell the project but not through this transaction.
- Paresh Mehta:** No, I mean we jointly get together and sell it.
- Vibhor Singhal:** Got it sir and sir in Chennai ORR what is our total stake.
- Paresh Mehta:** 50.
- Vibhor Singhal:** And the remaining 50% would be as an asset.
- Paresh Mehta:** GVR Infra Chennai based company, EPC Company.
- Vibhor Singhal:** Okay and there also we are not looking to consolidate it before the sale, only when the sale happens vary for me.
- Satish Parakh:** Yes, we are working together how the process may happen as a consolidation but we are in the process of selling it jointly.
- Moderator:** Thank you. The next question is from line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** One question I want to know. So now with this deal, SBI-Macquarie is completely exited in the other assets also right sir?
- Paresh Mehta:** Yes, so whenever it is paid off so we'll have to wait for the payment to be made. The day we get paid off we will be acquiring all the instruments, equity instruments or convertible instruments. They will not have an interest in business.
- Jiten Rushi:** And sir with this based on this amount has been freeze or subject to change if there's a delay from any delay from authority for giving NOC or any other reason or any other many maintenance or everything is included how is it sir.
- Paresh Mehta:** Yes, so this is typically the total value presuming that all these permissions will come within a period of 9 months.
- Moderator:** The next question is from the line of Harshal Kothari an individual investor. Please go ahead.
- Harshal Kothari:** I would just like to know the total equity investment that was made in this five projects that we sold.
- Paresh Mehta:** The equity cum debt, total promoter debt of these five projects was approximately equal to 2100 as of date.

- Harshal Kothari:** Okay including debt as well, right?
- Paresh Mehta:** Yes, equity promoted it.
- Harshal Kothari:** I would just like to know the equity investment that was done in this Company by ACL.
- Paresh Mehta:** That number I do have offered if you want I can get it out, one minute.
- Harshal Kothari:** Okay, sir how should I get it.
- Paresh Mehta:** One second, total equity investment because all these shareholders is not inclusive of small funding also. So I don't have a bifurcation as of now.
- Harshal Kothari:** Okay.
- Paresh Mehta:** You can take it offline if you require you can always get back to us on an offline call.
- Moderator:** The next question is a follow up from the line of Mohit from DAM Capital. Please go ahead.
- Mohit:** Sir my first question is there any plan to retire the Ashoka Concession Limited debt with the new proceeds of you know, especially on Jaora Nayagaon and Chennai ORR.
- Paresh Mehta:** I think so it will depend on how ACLs portfolio develops or otherwise, if there is any realization we will probably retire the same. Today it is at the cost of 9.2-9.3, really if he want to retire depending on how the interest market is decided how to this debt is for almost three years, did that various age from one and half year to three years' time.
- Mohit:** Understood sir. Secondly, when they take the COD of the three HAM assets, where I believe the work will be in advanced stages.
- Paresh Mehta:** One of the projects Khairatunda they have already recommended, IE recommended that and we are awaiting that. For other two projects we are waiting and we should get it within two to three months' time. Belgaum Khanapur and Ankleshwar project.
- Mohit:** Is there a plan to reduce the risk in case we bid for BOT or TOT. Is it possible to tie up with some financial investors and try to reduce our risk? Because I believe in Greenfield BOT especially the risk was very high, very high.
- Satish Parakh:** No see, there are strategies around it. We understand risk, I told you very much because we have experienced this for many years. To ease we are entering into structure this.
- Mohit:** Understood sir. Is there any BOT pipeline, which is available for bid in the next three months.



Satish Parakh: BOT pipeline is not available.

Moderator: As there are no further questions. I now hand the conference over to the management for the closing comments.

Paresh Mehta: We thank all the participants for having joined this call. We believe that sufficient data points were made available, if there is any still to be clarified, we are all available directly or through our SIR consultants Stellar Investor Relations. Thank you, everybody, and Happy New Year to everybody.

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