"Ashoka Buildcon Limited Q4 FY-24 Earnings Conference Call"

May 23, 2024

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

MODERATOR: **MR. VIKRAM VILAS SURYAVANSHI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Ashoka Buildcon 4Q and FY24 Conference Call hosted by PhillipCapital (India) Private 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.

This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. And a disclaimer to this effect has been included in the financial results and investor presentation which has been shared with you earlier and available on the Stock Exchange website.

I now hand the conference over to Mr. Vikram Vilas Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Vikram Vilas Suryavanshi: Thank you, Sagar. Good afternoon and very warm welcome to everyone. Thank you for being on the call of Ashoka Buildcon Limited. We are happy to have the Management with us here today for a question-and-answer session with the investment community.

Management is represented by Mr. Satish Parakh – Managing Director and Mr. Paresh Mehta, Chief Financial Officer.

Before we start with the question-and-answer session, we will have opening comments from the management. I will hand over the call to Mr. Satish Parakh for opening comment. Over to you sir.

Satish Parakh: Thank you. Thank you Mr. Vikram. Good afternoon everyone. Hope everyone is doing well. On behalf of Ashoka Buildcon Limited, I extend a warm welcome to everyone joining us today to discuss our Business and Financial Results for the Quarter and full year ended 31st March 2024. On this call, we are joined by Mr. Paresh Mehta, our Chief Financial Officer and SGA our Investor Relations Advisor.

Let me begin by giving few relevant industry highlights:

During FY23-24, highway construction reached 12,349 kilometers, marking a notable 20% increase from FY22-23, although it fell short of the annual target of 13,814 kilometers. The majority of the construction totaling to 9,642 kilometers involve lane augmentation. while 2,707 kilometers was attributed to strengthening existing infrastructure. NHAI constructed 6,644 kilometers with the remaining being constructed by other agencies including NHIDCL and MMRDA. Despite a sluggish start in awarding highway projects, with only 4,872 kilometers awarded till Feb 2024, the pace picked up in March 2024, resulting in total of 8,551 kilometers awarded in FY23-24. The Ministry has spent around almost 100% of its revised capital expenditure allocation of Rs.2,645 billion.

Industry research report predicts 5% to 8% increase in road construction for the FY24-25. Estimating that approximately 13,000 kilometers of roads will be built. This growth is attributed to numerous projects in pipeline, increased government funding and the ministry of road transport and highways prioritizing the project completion. Construction activities are expected to accelerate after second quarter following a typical slowdown during the monsoon season. The MoRTH has unveiled an ambitious 100 day roadmap to operationalize 700 kilometers of high speed corridors, award 3,000 kilometers of highway projects and implement a Cashless Treatment Scheme for accident victims. The center working large scale cabinet proposal worth 20 trillion, to sanction high works aligned with vision 2047. And this is pending cabinet approval.

MoRTH aims to construct around 1,700 kilometers of highways in first three months post elections. Additionally, MoRTH plan to address black spots with historically high road traffic collisions on national highways. MoRTH already spent around Rs.54,500 crores on highway construction in April, May 2024 which is 20% of a total allocated CAPEX for the year. Despite slow project awarding in second half of 2023, the ministry has continued its focus on project execution. With construction of 483 kilometers during this month, ahead of general elections compared to 523 during the same period last year.

Now on project front:

Firstly, Ashoka Buildcon Limited has successfully concluded a sale of Unison Enviro Private Limited to Mahanagar Gas Limited. The deal has been closed at final equity consideration of Rs.562.09 crores out of which the Company has received Rs.286.67 crores for its 51% stake. In January 2024 the Company has received a letter of acceptance from CIDCO for design and construction of stilt bridge of eastern connectivity for Navi Mumbai Intentional Airport. This is in joint venture and Ashoka having 51% share of Rs.339.9 crores.

Also Company has received letter of award for 6 laning of Aurangabad, Bihar, Jharkhand project, section of NH-2 in the State of Bihar on EPC mode for a total Rs.520 crores. Additional on current projects, Company has received provisional completion certificate for NHAI projects in quarter. First one is 6 laning of Belgaum - Khanapur Section of NH-4A for a stretch of 4.415 kilometers, in addition to existing 16.345 kilometers and also 4 laning of NH-161 from Kandi to Ramsanpalle for 1.28 kilometers in addition to the stretch of 37.92 kilometers. Regarding the HAM projects of NHAI that is, 8 lanes from Vadodara Kim Expressway, Company has received completion certificate in April 2024. The respective SPV has been receiving annuity amount of 11.25 orders from NHAI.

On asset monetization:

Ashoka Buildcon Limited has acquired 50% fully paid shares from GVR Infra Projects held in GVR Ashoka Chennai ORR Limited, a subsidiary of Company subsequently. Chennai ORR Limited now has become a wholly owned subsidiary of the Company post acquisition of these shares. The Company and its subsidiary Ashoka Concessions Limited are making progress toward divestment of this entire stake in specific subsidiaries that has awarded by NHAI for the construction and operation of the roads, projects on the HAM basis. Considering the high likelihood that the sell will be finalized within the following 12 months, these completed projects assets and liabilities continue to be classified as assets held for sale.

Now coming to the order book:

As on 31st March 2024 our balance order book stands at 11,697 crores. The breakup of order is, the roads and railway project are Rs.6,214 crores, which is 53% of the total order book. Among the road projects, HAM projects are to the tune of Rs.911 crores and EPC road projects are Rs.4,426 crores and railway is around Rs.877 crores.

Power T&D is to the tune of Rs.4,796 crores which is approximately 41% of the total order book. The total EPC building segment is Rs.687 crores, which is 6% of the order book. Here, I would like to reiterate that our primary focus remains on maintaining a sustainable EPC business in segments encompassing highways, railways, power transmission and distribution as well as buildings. This is all from my side.

I would now request Mr. Paresh Mehta to present the financial performance. Thank you.

Paresh Mehta: Thank you sir. Good afternoon to one and all. Results and Investors Presentation and the Press Release have been uploaded on the Stock Exchange and the Company website. I am sure you must have had time to go through it. I will present the Financial Results of the Quarter and the Full Year ended 31st March 2024.

The total income for Q4 FY24 stood at INR 2,533 crores as compared to INR 2,068 crores in the corresponding quarter last year, registering a growth of 22%. EBITDA for the quarter stood at INR 219 crores with EBITDA margin of 8.6%. The reported profit before tax excluding exceptional gains stood at INR 126 crores and PAT including exceptional gains at INR 269 crores. Our revenue contribution for each segment for Q4 FY24 is as follows. Road EPC contributed 53%, power EPC contributed 29%, railways stood at 12% and other segments like building EPC and others contributed to 6%.

Now for FY24, the total income stood at INR 7,841 crores as compared to INR 6,478 crores in the corresponding period last year, registering a growth of 21%. EBITDA for the period stood at INR 691 crores with an EBITDA margin of 8.8%. The reported PBT excluding exceptional gains stood at INR 358 crores and PAT including exceptional gains at INR 443 crores.

Exceptional gains in FY24 is on account of gain on sale of UEPL, that is Unison Enviro Private Limited our CGD business and in FY23 is on account of reversal of impairment of its investments loans and its subsidiaries, including Ashoka Concessions Limited and impairment of investment loans in subsidies including Ashoka Concession Limited.

Our revenue contribution for each segment for FY24 is as follows:

Road EPC contributed 60%, power EPC contributed 25%, railway stood at 10% and other segments like building and other contributed to 6%. Our standalone debt to equity ratios stood at 0.38x as of 31st March 2024.

Coming to the consolidated results:

The total income for Q4 FY24 grew by 27% year-on-year to INR 3,138 crores as compared to INR 2,478 crores in Q3 FY23. EBITDA stood at INR 721 crores for Q4 FY24 with a margin of 23%. Reported profit after tax stood at INR 254 crores in Q4 FY24. For FY24 full year, the total income stood at INR 10,005 crores as compared to INR 8,235 crores in the corresponding period last year. For the last year registering a growth of 21%. EBITDA for the period stood at INR 2,458 crores with a EBITDA margin of 24.6%. The reported PBT excluding exceptional gains stood at INR 763 crores and PAT at INR 521 crores. Total consolidated debt as on 31st March 2024 stood at INR 7,139 crores, the standalone debt is at INR 1,143 crores and comprises of INR 123 crores of recouping and term loan and INR 1,020 crores of working capital loan.

Toward our BOT business:

During Q4 FY24 it recorded a gross total collection of INR 329 crores as against INR 300 crores in Q4 FY23 recording a growth of 9.8%. Whereas in FY24 it recorded a gross total collection of INR 1,247 crores as against INR 1,117 crores in FY23 recording a growth of 11.7%.

To bring significant impacts on the consolidated results of the Company, we have reclassified our BOT assets which were till FY23 held as asset held for sale to investment after taking the effects of the sale purchase agreement yet to be signed, and other compliances yet to be pending and expectation of the time completed for the projects. We continue to pursue the process of disposal of the stakes in all the subsidiaries including the HAM projects.

With this, we now open the floor for the question-and-answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gaurika Nair from Avendus Spark. Please go ahead.

Gaurika Nair: Could you give me your order inflow for FY24?

Management: The total order for FY24 intake was INR 1,953 crores.

Gaurika Nair: Okay. And what would be your future guidance on it and the revenue that will be coming in for FY25?

Management: For '25 we are targeting around 12,000 to 15,000 crores of order book.

Gaurika Nair: Okay. Also could you repeat your bit on asset monetization since your voice cracked?

Management: So, just to summarize, we have 11 HAM projects, 6BOT projects and 1 annuity project which are had to be monetized for the 11 HAM projects and for the 5 BOT projects we are in the process of finalizing the share purchase agreement with the potential investors and we are very close to signing of the SPA in the near future. For the 1 BOT project that is our Jaora-Nayagaon and Chennai ORR. In Chennai ORR we have already acquired a stake of GVR Infra our partner in the project. So, now we will be in a better position to negotiate with the existing offer which we had received as well as the new investors to sell the project in this coming year. And equally, we await permission from MPRDC for transfer of 26% and then we will be able to sell the Jaora-Nayagaon project too.

Moderator: Thank you. The next question is from the line of Shyam Garg from Ladderup Finance Limited. Please go ahead.

Shyam Garg: My first question is with respect to, what is the peak debt of this year and how we are planning to reduce it?

Management: I didn't get, what was the question?

Shyam Garg: My first question is with respect to what would be our peak debt for FY25. And how are we planning to reduce it in FY25 or in coming years any guidance on that?

Management: Yes, so our debt at ABL standalone, which is for working capital would be almost in the same range based on the increased turnover which we will have for FY24-25. We expect on monetization of assets, this debt could go down as and when the assets are monetized.

Shyam Garg: Can you specify any amount, in a range?

Management: So, it will depend on the asset monetization, we have five BOT assets and other, so if we just make a thumb rule for what we would use the money, part of the money to reduce debt, we may use, we try to reduce the working capital debt to 50% of what we utilize today. Balance money for monetization we use for various others applications.

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

Parikshit Kandpal: Sir, first question is on the margins. The earlier quarter highlighted a journey towards reaching a high single digit margin, potentially double-digit margin, by the end of Q4 FY24, you are still at just about 7%. So, if you can give some more color on what went wrong in this quarter, why we are not able to achieve higher single digit margin and then journey towards the double digit margin?

Management: Our guidance in Q3 FY24 accounts was typically that the margins would go up in FY24-25, post Q2. So, these numbers would be in the similar range up to Q2 and then they will jump up based on the execution for the new contracts and the contracts which you already have, which are of better margins and will pick up in H2 FY25.

Parikshit Kandpal: But sir we barely have 2000 crores of inflows in FY24. And so, large part of revenues which will accrue in FY25 will accrue from the legacy book because ordering is expected to pick up only from second half. So, what gives you the confidence that the margins will improve because new projects won will still not have contribution to the revenues in the second half of next year. So, first, if you can quantify what is your guidance given we have a very low number on book to bill almost INR 12,000 crores of order book and close to about INR 7500 crores of revenue. So, how do you see the guidance for next year in terms of revenue growth and within that, how do you think whether the margins can reach double digit starting Q3 FY25?

Management: Yes. So, just to give a feel of the numbers which have spanned out from execution, the major execution where the low margins were there, have typically come to an end. So, by Q1 FY25 most of the projects will get over. The largest margin projects have just begun up, have taken off in last year and they will contribute to major turnover in Q3/ Q4 and that will result in increase in the margins by at least a percent and a half around initially, and then the new projects may contribute more, the new projects are yet to be won which will contribute more. On the order book we have an order book backlog for 11,700 crores which is approximately 1.44 times of the book which is lower than our expectations which is already explained due to low bidding in various sectors, especially post January in the election phase. So, we believe that, post June there should be a flurry of biddings happening and we can ramp up our order book during this next Q2 and further on.

Parikshit Kandpal: But then, why didn’t we participate in the MSRDC tenders which just opened couple of days back, so we were not present in when multimodal packages and even on express way so we will not there, any issue whether we were qualify or not qualify and why didn't we participate in those tenders?

Management: No we have participated in MSRDC tenders which have been bided in this month. So, participate in four MSRDC tenders which will be opened frequently by June end or July.

Parikshit Kandpal: The earlier ones, I am talking about the ones 26 packages which got opened and the 11 packages on MMC. So, we have not participated any reason why it's such a large ordering, we let it go without any participation. So, are we qualified where we qualified was there any constraints on technical grounds we were not able to do, or it’s just that a call we took that we will not bid for these projects?

Management: No, we have taken a call earlier that we will not be bidding for state government projects. But lately we have revised that and now we are bidding for that.

Parikshit Kandpal: Okay. And just a guidance on margins, that was my question which I had asked, next year FY25 how do you see as a full year, what kind of margins we are looking at for FY25, and FY26?

Management: So, FY25 we should be back around 9.5% of EBITDA margins, slightly better than that and then in FY25-26, definitely should be in the range of 11%- 11.5%.

Parikshit Kandpal: And when you give this guidance, you include the other income also in this?

Management: No, these are EBITDA without excluding**.**

Parikshit Kandpal: Excluding. And just last question on monetization for now we had two projects Jaora and Chennai ORR where we have, now Chennai we have some movement, we have bought out the partner. So, these two, so projects I think they had a maybe a deadline where the bids, this contract, or this agreement was there to monetize. So, has that deadline mutually extended or has it lapsed with the investor, that was my question on those two projects. And on the HAM we have been talking about for the last two, three quarters that it's going to happen, happen happen and somehow for one reason or the other it has not happened. So, where is it now stuck at, last call you highlighted that all approvals are in place, so now what are you waiting for announcing these SPA because every call we say SPA is in the final stages of conclusion, but it's not happened. So, if you can give more realistic guidelines where you think the SPAs will get signed?

Management: Yes, so we agree that we have been pursuing the SPA for the HAM and the BOT project, in the past three quarters, and it has been a bit sticky on negotiating and closing but, now we are at a fag end of most of the issues have been sorted out and we are in the process of ironing out the total agreement post all commercial issues having been settled. As far as the Chennai ORR and Jaora-Nayagaon project is concerned their date of SPAs have lapsed some time back and appropriate time once we get permission in Jaora-Nayagaon from our MPRDC and for Chennai ORR. We will engage again with this parties for, because their offers were all updated a bit. So, we need to renegotiate on a price basis.

Parikshit Kandpal: But the exclusivity has gone. And, we may the same investor may not, the NIF may not be, he has every right not to proceed with this because they are themselves selling out their portfolio to some other assets around block so.

Management: Right. But they are also in a churning mode one and definitely a project like Jaora-Nayagaon or Chennai ORR are good projects for them to buy. They are buying also and they are selling also. So, from that perspective, they continue to engage with us to do if possible the deal, it will all depend on us, both of us to strike a proper price again, to do the deal.

Parikshit Kandpal: And this HAM within in June as we get closed or it will now move to the second quarter by September so, what is more realistic timeline of closing and signing of SPAs for the HAM portfolio?

Management: SPA should be signed before June, by June.

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

Prem Khurana: So, just to continue on asset monetization. So, you briefly touched upon this thing in your opening remarks. When you spoke about the five BOT projects which you were earlier supposed to sell to KKR. So, when I look at the notes to account that you have given in our released day, it seems that we had a prospective buyer in place and you had already offered the buyer exclusivity and which expired on 31st March 2024. So, does it mean that you will have to start the process again and you would be required to offer exclusivity to someone else now and then the due diligence would start and that could take some more time. And I was wondering why would it be declassified, initially it was classified as asset held for sale, KKRs agreement got terminated in the month of May. But we still continue to show these as held for sale and now we remove it at this point in time, so?

Management: Yes, so on the BOT assets we had an SPA which got terminated as you said rightly, post that we engaged with another potential investors with whom we are already negotiating for closing an SPA. The exclusivity period expired, no doubt but we continue to engage between ourselves. And we expect to close the SPA at earliest, keeping in mind the time taken for NOCs, permissions and other assessment as of 31st, March '24. And based on the guidance, as per IndAS 105, we classified it as, we changed the classification from asset held for sale to investments, as soon as we see seek visibility of the transaction happening once you sign the SPA in certain CPs to the transaction like consent from lenders and authority are visible, we will reclassify. But classification is definitely an accounting aspect of the thing as in the business perspective, we are continuing to seriously engage with a potential buyer to sell the assets.

Prem Khurana: Sure. But would you be able to share, why is it taking so long, because we would have done all this exercise, even when we were trying to sell it KKR. So, the lenders would have onboard, you would have somehow made sure that you get to have NOCs from NHAI, at least in principally they would have given you some go and there was only Dhankuni Karagpur wherein we were waiting for that two-year clause. So, given the fact that there could these things long back, why is it taking so long now, the CPs that you need to comply are the same CPs, that you would have dealt with when you were dealing with KKR?

Management: Correct. So, this investor is a different investor one, definitely when we go back to NHAI, though I do agree that in principle clearance was received for three assets, then out of the five and two were almost on the process of getting done. But there are certain conditions where it got delayed, which now is out of issue, but whatever time for in principle clearance also will take some time, we will target ourselves to get the deal as soon as possible maybe by December 24. But based on past experience, and on discussions with auditors, we decided to classify as investments, we will revisit the clause at the proper time again to reclassify. reclassification will not change or the intention of the Company to change the intention to sell the assets as early.

Prem Khurana: Sure. And would you be able to comment on the valuation, fair to assume given the fact that this asset numbers have been pretty decent in the recent past, the valuation would have firmed up for these five as well as me whenever you negotiate with let say either NIIF or some other player for Jaora-Nayagaon and Chennai there, how do you see the valuation to be now?

Management: Yes, so in all the BOT projects, we definitely see an uptick in the valuation. As soon as we sign the SPA definitely we will be able to disclose all that, which would be definitely a better one than what was previous.

Prem Khurana: Sure. So, just book keeping sort of questions. So, what's the revenue growth that we are targeting this year given the sort of order backlog that we have and the fact that it is still some time before the orders would start coming. This is on standalone basis and what sort of revenue do we target for this year now?

Management: So, we expect to grow by around 15% for FY24-25 on the EPC.

Prem Khurana: Okay. So, this is on a base of 7700 that we have delivered this you are saying 15% more?

Management: Right.

Prem Khurana: And sorry, I missed the inflow guidance, I think Satish sir gave that number, but I somehow missed the number and would you be able to share that number again please?

Management: Which number?

Prem Khurana: Order inflow guidance for FY25.

Satish Parakh: So, we are targeting around INR 12000 to INR 15000 crores of inflow. Because there will be a good aggressive orders coming from state as well as center post elections.

Prem Khurana: Okay, sure. But last time I spoke you seem to be a little skeptical in terms of whether we will get to us the awarding kind of pickup immediately after election, which is where your guidance seems as and when you are building in some sort of caution and now, the guidance seem to be very, very optimistic. So, has anything changed somewhere which is what makes you confident that you would be able to have this INR 12,000, INR 15,000 crore of number or is it only because it's now, you must also started looking at the state orders which is what is giving you confidence that if not NHAI you could have orders.

Management: Now we have become a all-round EPC player like roads, railways, power, buildings, water, so all segments are open. So, our bidding pipeline is also bigger than what it used to be earlier.

Prem Khurana: So one is how much is the pending equity infusion for hybrid and second would be so the Chennai stake that we acquired the payment was made during the quarter entire INR 185 crores?

Management: Yes, the payment for Chennai outer ring road project was made before March end, so it is already coming in the books as a investment. As far as balance equity commitment for our HAM projects is approximately INR 153 crores.

Prem Khurana: And this would be included in this year itself?

Management: Yes, FY24-25 itself.

Moderator: Thank you. The next question is from the line of Mrunal Shah from Axanoun Investment Management. Please go ahead.

Mrunal Shah: Sir my question was, how much percentage of the cost is attributable to bitumen in total cost of the road and approximate range?

Management: Could not follow, could you be clearer?

Mrunal Shah: So, my question was, how much percentage of the cost is attributable to you be able to bitumen of the total cost of making roads an approximate range?

Management: 20% to 30% is depending upon the composition.

Mrunal Shah: Okay. And usually what are the payment terms for bitumen payment?

Management: I didn't follow the question please.

Mrunal Shah: What are the usual payment term for bitumen payment?

Management: Bitumen payment is bought from refineries, bitumen is particularly bought from refineries so it's against cash only.

Mrunal Shah: Okay. And sir what proportion of asphalt roads and concrete roads for highways and express highways for which government tenders are being floated by the government, I wanted to know the bifurcation between bitumen roads and asphalt roads for highways?

Management: So, there are no specific rules which highway will come on rigid pavement like concrete pavement or bituminous pavement. Majority if you see, majority of the highways 90% of them are bituminous.

Moderator: Thank you. The next question is from the line of Deepak Poddak from Sapphire Capital. Please go ahead.

Deepak Poddak: Just first step, I just wanted to understand have we given this data from this demonetization or monetization of our 11 HAM projects and six BOT projects. So, what sort of capital inflow or capital release that we expect from this?

Management: As of now we have not communicated anything new to the exchanges, once we are through with our definitive documents, we would be able to declare the same.

Deepak Poddak: And this inflow we expect to repay some debt as well apart from using it in working capital and other application?

Management: So, in working capital debt is the major debt which is other than the project debt. So, otherwise the project debt should go along with the projects to the new buyer. So, most of the project debt will move out of the console of the Company.

Deepak Poddak: Okay. And the standalone level any sort of repayment that we expect, can we expect at the standalone level ?

Management: Yes, depending on monetization we will typically try to reduce the working capital debt by 50%.

Deepak Poddak: By 50% debt, so currently which is about close to about 900crores right?

Management: Correct.

Deepak Poddak: So, that may reduce by 400 to 500 crores?

Management: Correct.

Deepak Poddak: So, how do we see the absolute interest cost, in the last year in the standard level we were at about INR 230 crores roundabout. So, how do we see that interest cost in FY25?

Management: So, this would typically, so there are two components to the interest cost, one is interest on our working capital loan and also interest on mobilization advance, we have mobilization advance of almost 800 crores which also carries interest cost. So, the reduction will typically be in the working capacity utilization decrease which would be in the range of a cost of 10% for whatever decrease and for whatever period.

Deepak Poddak: Okay. And can you have the breakup out of this 230 crores what is the interest component from mobilization advance?

Management: So, yes I can give you that, so on our cash credit and working capital demand loans which we have that is approximately INR 45 to INR 50 crores and on our mobilization advance is around

INR 70 crores and cash credit is approximately around another INR 70 crores and balances other miscellaneous loans on equipment loan and other loans.

Deepak Poddak: Okay. So, ideally this mobilization advance and cash credit component of interest costs will not reduce, only that INR 45, INR 50 crores that is liable to reduce based on your loan?

Management: Yes, that would.

Deepak Poddak: That is about INR 45 to INR 50 crores right?

Management: So, that is approximately INR 65 including the WCDL.

Moderator: Thank you. The next question is from the line of Paridhi J from Go India. Please go ahead.

Paridhi J: So, can you just give me your guidance, you have given guidance for EBITDA and revenue? Can you just give me your guidance for PAT please?

Management: As far as PAT is concerned, it's all a mix of how the profits will pan out. Depending on the EBITDA margins, we should be in the range of 5% to 6% for PAT.

Paridhi J: Also, sir then we see the order book breakdown that you have, in FY23, you have a CGD of 31 crores, you don't have that in FY24 can you just give me your clarity on it?

Management: CGD business was our in-house captive EPC business till we were owning the CGD business in the form of Unison Enviro Private Limited, which we sold off to Mahanagar Gas Limited in last quarter that is Q4 24. So, now the asset being having changed hands from us to MGL, the order book we have completed whatever was there in our scope till then. Now it is, the MGL will decide to do whatever work there is there in that business. So, we don't now do any CGD business as of now.

Paridhi J: Also, sir I missed out on the part that you gave when order intake for FY23, can you just repeat the number please?

Management: Yes, so for FY23

Paridhi J: Sorry, FY24 sir.

Management: FY24 inflow we expect around Rs.12,000 to Rs.15,000 crores.

Paridhi J: Sir you said that for 25 right?

Management: Yes, FY25. FY24 we got only Rs.2000 crores.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial Limited. Please go ahead.

Vaibhav Shah: Sir you mentioned the pending equity at 150 odd crores to be increased in 25. But if you look at the presentation for the HAMs slide, over there it is mentioned that 1012 is already invested and total required is 1097 so it comes out around 85 crores incremental. So, is it 150 crore numbers been arrived?

Management: So, 1097 it is as per financial closure document, there are certain increase in project cost due to pin, where equity has to be also put in by the SPV, part comes from grant there's no loan on that. So, the equity component slightly increases.

Vaibhav Shah: Currently, now we require around 150 odd crores, so increment around 60, 70 odd crores?

Management: 150 odd crores.

Vaibhav Shah: Okay. Sir secondly the gain which we booked in Q4 of 2017 crores. So, what would be the tax component out of that?

Management: Approximately 40 crores.

Vaibhav Shah: Okay. And sir, what would be our CAPEX guidance for FY25?

Management: CAPEX guidance would be approximately 100 to 110 crores.

Vaibhav Shah: Okay. Sir in FY24 what funding did we do for, loss funding for Sambalpur and what do we expect for FY25?

Management: Sambalpur we did not do much funding because it was refinanced in June 2023. So, now it is self-sustaining and it is taking care of its own cash flows.

Vaibhav Shah: Okay. And sir we target to monetize Chennai ORR and Jaora-Nayagaon within FY25?

Management: Yes, so for Chennai ORR differently it is possible, for Jaora-Nayagaon it just depend on how at the moment we get clearance for MPRDC for logged in shares of 26%.

Vaibhav Shah: Post the clearance we will look for the buyer or the talks are already going on?

Management: We will reengage with the previous offer, and then we will see whether we need to get to another potential buyer.

Vaibhav Shah: Okay. Sir lastly, what is the status of the water treatment order, the Mumbai one has the execution started?

Management: Yes, execution has started, civil works have already started. And electromechanical will start from the third quarter, Q3 of this year.

Vaibhav Shah: So, what kind of revenue can be book from the order for FY25 and 26?

Management: Should be able to book around Rs.400 crores.

Vaibhav Shah: Combined for 25-26?

Management: Rs.400 crores in '24-25.

Vaibhav Shah: Okay. And sir outstanding book would be somewhere around Rs.550 odd crore the order?

Management: Total order is Rs.750 crores. So, entire balance we will be completing in this year.

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

Vasudev: So, sir I just have one question which is on the bid pipeline side. So, you said that our bid pipeline is now bigger than earlier. So, now will you be able to quantify it and if you can give the split across various segments that we are planning to bid?

Management: So, segment wise road is our primary segment, road and bridges, then power distribution and transmission is a segment, solar is one of the segments where we are now qualified to bid and buildings is there, railways is we are looking at railways very aggressively. So, these all five segments will be there in addition to this, overseas also we are participating in some of the countries.

Vasudev: Okay, sir. Sir will we be able to quantify that kind of bid pipeline that we are looking at these segments?

Management: So, it will be all mix, it will all depend upon the various projects which are coming up, so our bidding would be 50% and the focus will be on the road sector. And rest will depend upon as and when we get the opportunities. It's very difficult to quantify target inflow from each segment.

Moderator: Thank you. The next question is from the line of Anand Mundra from My Temple Capital. Please go ahead.

Anand Mundra: Sir our cash and bank balance has gone up considerably in March '24. So, can you give us like an idea why that has happened?

Management: So, a couple of reasons actually. There was a of course, definitely there was a large receipts during March last week for various of our clients who had payables and the process before March one. Second also, there was some working capital debt which could have been reduced, but because of the RBI guidelines for utilization of working capital in the form of 60:40, 60 WCDL and 40% in CC, so, some WCDL which was put could not be closed as of March otherwise we would have reduced that working capital loan by using the cash. But the basic reason is, inflow of cash from our clients in the last week of March. Last couple of days of March rather.

Anand Mundra: Okay. And sir on the balance sheet we have a line item of non-current trade receivables. So, just wanted to understand why do we have these long term trade receivables and they have also like, they have gone up by more than 2x in the last year. So, can you explain why that has happened?

Management: So, this is actually a trade receivables which are outstanding for couple of clients which are old something like Chennai ORR, there is some receivables from the SPV. Now, as soon as we get some monetization done at Chennai ORR level that will get reduce so that is a substantial amount in that 300 odd crores.

Anand Mundra: Okay. So, it's only related to the Chennai ORR?

Management: Yes, basically related to Chennai ORR and some small for old contracts which are 12 months and above, these are partly related to retention money's which are yet to be received, which are not due but they will be received over a period of time. So, the deferred liability will be 12 months or 24 months depending on that money be released.

Anand Mundra: But sir Chennai ORR is now a subsidiary, and as on 31st March it is 100% subsidiary, correct?

Management: Correct.

Anand Mundra: So, that figure should not reflect in the consolidated balance sheet?

Management: That will not reflect under consolidated, that's true.

Anand Mundra: But, it's still reflecting, the amount is pretty much the same both in standalone and consolidated, not sure if that's correct but that's what I remember.

Management: It will not be there probably because it is asset held for sale. So, it will be in the asset held for sale line items, so I will come back to you on one-to-one basis on the breakup of this 300 crores.

Anand Mundra: Okay, alright. And the last question is, what is the outstanding that we have to pay to SBI Macquarie?

Management: It is gone back to Rs.1526 crores which was in 2019. So, Rs.1526 is what they will expect to pay off. So, that's what has been provided in the books, in the console.

Anand Mundra: Okay, and that's the cap?

Management: That's the cap, yes.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial Limited. Please go ahead.

Vaibhav Shah: Sir we have taken approval for fundraise as well. Do we plan to raise some funds in near term or just take we have taken approval right now?

Management: So, basically, we have taken an approval from an arbitrage purpose and from realigning the working capital as short term and long term requirement. So, that will be basic run like replacing certain WCL with CPs. So, that is one approval and second approval is for NCDs for something like an 18 month NCD, 18 to 24 months NCD, which we intent to raise to realign the working capital maturity rates.

Vaibhav Shah: So, basically, we want to just change the mix of the debt right?

Management: Yes. But the amount will be capped at that. We don't want to increase the debt overall.

Vaibhav Shah: Sir, if the monetization go through as our plan, then we expect to reduce by around Rs.500 odd crores in FY25, right?

Management: Right.

Moderator: Thank you. The next question is from the line of Akhilesh B who is an Individual Investor. Please go ahead.

Akhilesh B: In response to one of the earlier question, you mentioned that, earlier we were not participating in the MSRDC auction and now we are participating. So, what changed in our thinking, why did we not participate earlier and why are we finding it attractive now, just to understand the thinking of that?

Management: So, nothing specific has changed, but we have seen aggression at NHAI and participation with NHAI and qualification with NHAI. So, earlier focus was to remain national player, participating in NHAI and MMRDA. So, now since NHAI is becoming more and more aggression is seen in the NHAI bidding. So, we are looking at the states.

Akhilesh B: And sir this money which we have received for the UEPL, will part of that go to reduce this SBI Macquarie liability or if we are going to use it for our own working capital, et cetera?

Management: Yes, it has been used for its own basically, that money was partly, most of it was used for acquiring Chennai ORR stakes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Vikram Vilas Suryavanshi for closing comments.

Vikram Vilas Suryavanshi: We thank the management of Ashoka Buildcon for giving us an opportunity to host the call and taking time for interaction with the stakeholders. Any closing comments from your side?

Management: So, we thank everybody for joining this call. And we are open for any Q&A on a one-to-one basis so my contact is already given as well as through SGA our IR Manager. Thank you.

Vikram Vilas Suryavanshi: Okay, thank you. Thank you all for being on the call.

Management: Thank you.

Moderator: On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us, you may now disconnect your lines.