



**“Ashoka Buildcon Limited
Q1 FY2020 Earnings Conference Call”**

August 14, 2019



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ASHOKA BUILDCON LIMITED
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ANALYST: **MR. JITEN RUSHI – BANK OF BARODA CAPITAL
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Moderator: Ladies and gentlemen, good day and welcome to Ashoka Buildcon Limited's Q1 FY2020 Earnings Conference Call, hosted by Bank of Baroda Capital Markets Limited. As a reminder, all participant lines will be in the listen-only mode, there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Jiten Rushi from Bank of Baroda Capital Markets Limited. Thank you and over to you!

Jiten Rushi: Thank you Mohsin. Welcome and very good evening to everyone. We are glad to have with us today the management of Ashoka Buildcon Limited represented by Mr. Satish Parakh, Managing Director and Mr. Paresh C. Mehta – CFO of the Company.

We thank the management for providing Bank of Baroda Capital Markets to host the call.

I will now handover the call to the management for opening remarks followed by question-and-answer session. Over to you Sir! Thank you.

Satish Parakh: Thank you Jiten. Good evening everybody, welcome you all to the earnings conference call for quarter ended June 30, 2019. Joining me on the call is Mr. Paresh Mehta, our CFO.

To start with, I will initially brief you on the industry opportunity followed by company's performance during the quarter and other key developments.

Ministry awarded around 17,000 kilometers worth orders in FY2017-18, one of the highest ever in any financial year, post which there is a slowdown in awarding activity, primarily due to the delay in financial closures in various road HAM projects and denying land acquisition by NHAI resulting in appointed dates getting extended. We expect project award activity to gather momentum in near future with almost all HAM projects achieving financial closure and land acquisition gathering pace.

Continuation to our NDA government at the center will help us in maintaining the trust on infrastructure sector. In the union budget 2019-20 the government has outlaid around Rs.1 lakh Crore for the development of infrastructure sector in next five years.

We are witnessing a huge opportunity in railway sector as government plans to invest Rs.50 lakh Crores for the period of 2018 to 2030 through public private partnership and other models, this gives huge opportunity for growth in this sector.

Execution has started in three of our HAM projects, where we have received appointed date and work is in progressing at a good pace. We expect to receive the appointed dates for two HAM projects in Karnataka very soon. Total equity requirement for the HAM projects is Rs.465 Crores, we have also invested Rs.200 Crores and balance remaining needs to be invested in balance two years.

The company's total order book as on June 30, 2019 stands at Rs.9,038 Crores including Tumkur-Shivamogga package IV order which is Rs.870 Crores where we have received LOAs, but we are still awaiting the agreement to be signed, and the breakup of the order book is as follows:

Road projects comprise around Rs.7,150 Crores which is 79% of our total order book, among the road order book, EPC projects are to the tune of Rs.5,039 Crores and BOT projects are to the tune of Rs.2,066 Crores. Power T&D comprises of Rs.828 Crores which is 9% of our total order book, railways contributed around Rs.1,095 Crores which is 12% of the total order book and EPC work from CGD books around Rs.10 Crores.

That is all from my side. I would now request Paresh Mehta to present the financial performance of Q1 FY2020.

Paresh C. Mehta:

Thank you, Sir. Good Evening everyone. The Result Presentation and press release for the quarter has been uploaded on the stock exchanges and on the Company's website. I believe you all may have gone through the same. Now, I would present the financial results for the Quarter ended June 30th, 2019.

Starting with the Consolidated Results, the total income for Q1FY20 stands at Rs. 1,187 crores as compared to Rs. 983 crores in Q1FY19, registering a growth of 21% Year-on-Year. EBITDA stood at Rs. 374 crores in Q1FY20, a growth of 14% Year-on-Year.

Now coming to the Standalone numbers, the total income for Q1 FY20 stands at Rs. 911 crores as compared to Rs. 720 crores in corresponding quarter last fiscal, registering a growth of 27% Year-on-Year. During Q1FY20, BOT division recorded a toll collection of Rs 237 crores.

EBITDA for the quarter was at Rs 144 crores as compared to Rs 118 crores in the corresponding quarter last year, 22% Year-on-Year growth. EBITDA margin was at 16% for Q1FY20. The Company reported Profit After Tax of Rs 65 crores in Q1 FY20.

Total consolidated debt as on June 30, 2019 is at Rs 5,634 crores of which project debt is Rs 5,053 crores. The standalone debt is Rs 581 crores, which comprises of Rs 237 crores of equipment loans, Rs 194 crores of working capital loans and Rs 150 crores of NCDs.

With this, we now open the floor for Question & Answers. Thank You.

Moderator:

Thank you very much sir. We will now begin the question and answer session. We have our first question from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar:

Sir what is the status of various HAM projects appointed dates are yet to be given, you said soon for two projects right and soon means this quarter end or like in next quarter and what about the balance one project?

- Satish Parakh:** Yes, so about two projects are from Karnataka, basically all the three remaining projects were in Karnataka. Package I, package II of Tumkur-Shivamogga and package IV. Package I and package II are very much in advance stage around 60% of 3H has been done, so nowadays 3H is very important only after disbursement of fund we are able to take possession at the site. So 60% has been done in package I, package II, and balance 20% we expect to complete in other 60 days. So we expect appointed dates in over 45 to 60 days in package I, package II. About package IV see around 35% to 40% is 3H has been done and this may take little more time. So we expect maybe another 90 to 100 days for package IV to really commence.
- Mohit Kumar:** My second question Sir Traffic on Jaora-Nayagaon, it has declined Y-o-Y when they expected to improve and what is the reason behind you decline for the last two quarters.
- Satish Parakh:** For Jaora-Nayagaon the traffic is lower, basically because of certain works going on North side of the project where the tolling is not there and there people are using an alternative route, so accordingly the people are using both the roads, the Jaora-Nayagaon as well as the alternative road. Once that alternative road start getting tolled, I think the traffic reaches back and get distributed.
- Mohit Kumar:** So when they expect to come back?
- Satish Parakh:** I think so by September and we expect it should start falling in place.
- Mohit Kumar:** And Sir last question on the industry side Sir. Is the NHA looking to revive the BOT projects, have you heard something, are they are working or do you think some BOT projects will get awarded in this fiscal year.
- Satish Parakh:** No it is very difficult to comment on this, yes definitely looking at bidding our BOT projects, but we are still not clear how many and when they will come.
- Mohit Kumar:** It is very difficult to have some BOT projects in FY2020 to bid out am I right in saying that?
- Satish Parakh:** Yes, it is very difficult to comment on policy decisions, but they are definitely working on that.
- Mohit Kumar:** Thank you Sir.
- Moderator:** Thank you. We have our next question from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Can you give the breakup of the revenue between roads and power T&D business.
- Satish Parakh:** The road tenure for this quarter was Rs.684 Crores and in the power vertical it was Rs.147 Crores.

- Ashish Shah:** So, just coming on the power T&D side, again there has been a sharp reduction in the turnover, if one compares in the Q4 level. So any particular reason for that or this is probably tapering off from the older orders that we had?
- Satish Parakh:** Definitely one of the reasons is that, that older orders are getting over, but the new orders which is part of our power vertical that is the railways, which we take under the power vertical, there the EPC got signed post March. So their mobilization has picked up and the activity will pickup post, in the Q3. So there they will catch-up on the turnover
- Ashish Shah:** And, so on the same T&D business again what is the situation of outstanding receivables from the T&D segment and between March and June what would the movement have been?
- Satish Parakh:** In the T&D business as you said the receivable continues to be higher including the unbilled revenue also, so that remains same as of March and June quarter.
- Ashish Shah:** Sir any quantum that you can give or how much is the outstanding from the T&D segment?
- Satish Parakh:** Approximately Rs.500 to 550 Crores.
- Ashish Shah:** Rs.550 Crores and this is including unbilled revenue or this is only receivables?
- Satish Parakh:** Including.
- Ashish Shah:** Okay, this is receivables plus unbilled, sure. Sir given that, the impact of monsoon again is quite significant, but flooding in various states and secondly also because the appointed date seems to be getting a little delayed for the Karnataka projects. Would you maintain the guidance for the year or you think there is some risk to that?
- Satish Parakh:** No guidance for the year would remain around 25% to 30%, but Q2 we may see a little effect of these floods were in delayed monsoon, but Q3, Q4, we will be able to cover up.
- Ashish Shah:** So we will be able to significantly cover up in this H2 because the run rate is quite low at this point in time?
- Satish Parakh:** Yes, H2 we hope we should be able to cover up, Q2 may not be because of very heavy floods particularly in Karnataka and Gujarat.
- Ashish Shah:** Lastly Sir, have we commenced work on the Macquarie EPC works and how much we expect this year from that particular contract?
- Satish Parakh:** We have a total work to be done on this TOT project of Rs.1,000-odd Crores of which we have already done around Rs.400 Crores. We expect that almost total 80% of the work will get over before March.
- Ashish Shah:** That is it from my side. Thank you.

- Moderator:** Thank you. We have our next question from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
- Vibhor Singhal:** Sir you mentioned that we are maintaining our guidance of 25% to 30% kind of top line growth. Considering the order book that we have at this point of time, given that three to four projects are basically awaiting appointed date. Do you believe, so is that guidance contingent on we receiving the appointed date and time in the next couple of months itself? So what I am trying to say is that, is there is a delay in appointed days, is, do you see a risk to that number or do you think you have factored in those risk and we should still be able to do around 25%, 30% kind of growth?
- Satish Parakh:** Yes, we will still be able to achieve 25%, 30%.
- Vibhor Singhal:** There is little delay in the appointed date.
- Satish Parakh:** Yes, little delay would be there, but we already mobilized and substantial works which can be done offsite are already started.
- Vibhor Singhal:** And Sir, we have received the appointed date for Belgaum-Khanapur project right?
- Satish Parakh:** Yes, we have commenced work.
- Vibhor Singhal:** So what was the appointed date that we were provided on that, if I can just have that?
- Satish Parakh:** Paresh if you can give the appointed date, exact date.
- Paresh C. Mehta:** 7th of March.
- Vibhor Singhal:** Also Sir basically, if we look at the standalone debt in this quarter, we are looking at a debt of around Rs.580 Crores, if I compare that with the last quarter I think it was around Rs.730 Crores. So it seems to have come down by around Rs.150 Crores. So any specific projects from where we were able to build the receivables or were it because of the mobilization advance that we received and we have kind of use that to repay the debt and where do you expect this debt to be, let us say by the end of this year?
- Satish Parakh:** No there was substantial debtors you have realization in this quarter. So, I think so, because mobilization advance was only for Khanapur project which is yet to be received. Otherwise all mobilization advance work for the whole projects was received before. So it is more of a debtor's recovery.
- Vibhor Singhal:** And Sir where do we expect the debt to be by the end of FY2020?
- Satish Parakh:** I expect it should be in the same range in the range of Rs.500 to Rs.600 Crores.

- Vibhor Singhal:** Just last bookkeeping question Sir, what is the book value of the investment by SBI Macquarie in our ACL portfolio right now. I think we revise it every year in June right?
- Satish Parakh:** Yes, it is approximately Rs.1,524 Crores of book value, see this is the value asset for 12% IRR.
- Vibhor Singhal:** So last year it was Rs.1,481 Crores and now Rs.1,525 Crores at this point of time.
- Satish Parakh:** Additional so that is the, now it will not grow. That is the maximum which used to be in case we have to make.
- Vibhor Singhal:** So right now it is Rs.1,525 Crores?
- Satish Parakh:** Yes.
- Vibhor Singhal:** Thank you so much for taking my questions, wish you all the best. I will get back in the queue sir, anything else. Thank you.
- Moderator:** Thank you. We have the next question from the line of Sriram Kumar from Spark Capital. Please go ahead.
- Sriram Kumar:** Sir the toll collection suggests lower traffic across our assets, so is there any structural reason behind it?
- Satish Parakh:** See basically we believe that, basic reason is economic activity all over appears to be slightly sluggish. So that is one of the reasons, second also there is a catch-up to be happened on overloading which has yet to be caught up by post July, August and third probably election also reduces a bit of movement of commercial activity.
- Sriram Kumar:** And Sir can you elaborate on asset monetization process, where are we right now?
- Satish Parakh:** We have initiated a process for monetizing assets, and Macquarie has appointed bankers for the same and we probably are targeting that to happen by March.
- Sriram Kumar:** Sir, and assuming that the asset monetization happened by March, so what is the kind of orders we are looking to bag in this year and how much would be the HAM project we are targeting?
- Satish Parakh:** We will be participating in HAM bids, as well as EPC bids. As such it will all depends up on order bidding opportunity is just all the aggravation still in the market?
- Sriram Kumar:** Sure Sir. Thank you.
- Moderator:** Thank you. We have the next question from the line of Kiran Sebastian from Franklin Templeton. Please go ahead.

Kiran Sebastian: I have couple of questions. Firstly this one is on the market outlook. Can you just remind us how much was the total NHAI ordering last year in terms of the award value and how is it looking at this point in time and again some color in terms of HAM versus EPC, how do you see the overall market panning out for the current year?

Satish Parakh: Basically last two quarters NHAI is busy doing land acquisition because whatever they have awarded really got delayed in terms of appointed date only on account of land acquisition. So this time they are trying to see that they do complete 3H and then they award the projects, otherwise we use to build and then award and then appointed date were delayed only for 3H, so this time they are going to do actually acquire 3H. So we feel in next couple of months we should see a lot of HAM projects coming, when acquisition 3H has been done more than 80%, and EPC also we again see a lot of opportunity. So it would again be a formula like 50/50 would be HAM and EPC and some viable stretches they are trying to put up BOT, but that still is not clear.

Kiran Sebastian: And Sir the last year the market was what Rs.50,000 Crores order in NHAI?

Satish Parakh: Around Rs.7,300 Crores is what they awarded last year, so around 50,000.

Kiran Sebastian: So this year you expect a meaningful step-up from those levels right?

Satish Parakh: There should be, they are aggressive, they are willing to do, whereas a huge work going on. So we hope they should cross last year's target.

Kiran Sebastian: And second question Sir you alluded in your commentary regarding the financial closure I mean at least the backlog of HAM projects getting financial closure. So what is the sense you are getting from the project financing companies in terms of their incremental appetite for these kind of projects over the last months, few months, have you seen any difference in their behavior?

Satish Parakh: See in view of much HAM projects coming in the way in the last four, five months. There is no active movement as far as taking up new projects is concerned, there definitely is a lot of appetite for the banker to take on projects from it, I mean, successful and experience players, but otherwise overall they would be generally conservative to look at projects. So the better players will continue to get support by the projects which we had lead. We already have a support on that we are yet to sign a concession, but we have a support from one of the bankers. Otherwise the market that is to be slightly cautious.

Kiran Sebastian: Right. Thank you. That is it from me.

Moderator: Thank you. We have the next question from the line of Jiten Rushi from Bank of Baroda Capital Markets Limited. Please go ahead.

- Jiten Rushi:** Sir Can you just give us the enterprise value of the seven asset which is part of the portfolio of SBI Macquarie breakup into debt, subdebt, and consol one and external debt if it is possible.
- Satish Parakh:** The debt would be in the range of Rs.4,800 Crores and equity value, the book value of the equity would be approximately 2,200.
- Jiten Rushi:** This Rs. 4,800 is only external debt or it includes your consol one also Sir?
- Satish Parakh:** No this is external debt, the Rs. 2,200 includes sponsor debt also, rather Rs. 2,600 **Jiten Rushi:**
So Rs. 7,400 is the enterprise value as on date?
- Satish Parakh:** Yes based on book value.
- Jiten Rushi:** And Sir can you just give us the equity breakup required for the HAM portfolio so far we have put... so have we invested completely in Kharar-Ludhiana and Kharar-Ludhiana and Ranalsthanam and the balance required for the seven HAM projects, obviously three projects we will be putting later on but for the balance four projects which are under execution, can you just give us the breakup?
- Paresh Mehta:** Yes, so the first two projects which are quite mature from construction perspective Kharar and Ranalsthanam, these two projects have only approximately Rs.24 Crores of equity yet to be invested.
- Jiten Rushi:** Combined.
- Paresh C. Mehta:** Yes combined and total invested equity in these two projects is around Rs.245 Crores.
- Jiten Rushi:** Rs. 245 Crores invested Rs. 24 Crores are pending?
- Paresh C. Mehta:** Right, on the other set of five projects which was won in March 2018, we have already invested Rs.200 Crores.
- Jiten Rushi:** That is for Belgaum project Sir.
- Paresh C. Mehta:** Yes, the Belgaum, Khairatunda, Karadi, Mallasandra and Vadodara where SC had been done, so initially equity had already been invested. So Rs.200 Crores has been invested till date and Rs.180 Crores will be invested in 2019-2020 and Rs.85 Crores in 2020-2021.
- Jiten Rushi:** Basically this is four HAM projects are there or Rs. 200 Crores invested Rs. 180 Crores in 2019-2020 ?
- Paresh C. Mehta:** Five projects basically the Belgaum, Khairatunda, Karadi, Mallasandra and Vadodara, these are five projects.
- Jiten Rushi:** And for the balance this Tumkur–Shivamogga packages how much we need to put Sir.

- Paresh C. Mehta:** Tumkur–Shivamogga package IV we will have to totally put Rs.129 Crores of which Rs.45 Crores will be put in 2019-20 balance over the next two years?
- Jiten Rushi:** And Sir CGD business any equity this year and next year Sir?
- Paresh C. Mehta:** This year approximately overall we would be putting in Rs.50 Crores from Ashoka Buildcon and corresponding amount will come from Morgan Stanley and after say approximately one and a half year gradually another Rs.50 Crores will be invested in the span of two years.
- Jiten Rushi:** And Sir any order inflow guidance, maintain the same at Rs.6,000 Crores order inflow guidance Sir?
- Paresh C. Mehta:** Order inflow as we already put in, it will depend definitely on the bidding activity, which will kind of take off. It has already taken up in the last month. So we will try to target around 4,000 to Rs.6,000 Crores of EPC cum HAM projects in the road sector. We will see how the bidding pattern pans out.
- Jiten Rushi:** And on the power T&D and railways any additional order you are targeting this year?
- Satish Parakh:** Yes, we will be participating in power T&D and HAM both, railways.
- Jiten Rushi:** And Sir for Tumkur–Shivamogga package IV when is the concession agreement is expected to be signed Sir?
- Satish Parakh:** Basically this time they are delaying the agreement itself, instead of signing the agreement and then delaying appointed date. This time NHAI has taken a stand of given the LOI and now they are delaying the agreement, it is very difficult to guess how and when they will act.
- Jiten Rushi:** And Sir my last question is on debtor days as obviously as you said power T&D is getting stretched the receivable so what would be our debtor days like it can go beyond 100 days by end of March or anything something like that.
- Paresh C. Mehta:** I think so it should be in that range, we will not increase it. Our recoveries are quite, the debtor days in the power is as estimated so the recoveries are strong so I think we will maintain our debtor days.
- Jiten Rushi:** The power has got 100 days of debtors as assuming...?
- Paresh C. Mehta:** 100-105 days would be in that range.
- Jiten Rushi:** That is it from my side. Thank you and all the best.
- Moderator:** Thank you. We have the next question from the line of Mohit Kumar from IDFC Securities. Please go ahead.

- Mohit Kumar:** Sir my question is on TOT side. So I think there are two tenders in the pipeline right now TOT 3 and TOT 4 both have been floated. Sir you say is there any tie up which we have or how we are trying to target this TOT so are you going to again tie up with Macquarie and are you bidding together?
- Satish Parakh:** Yes it is not right to comment on this at this stage.
- Mohit Kumar:** No, just, are you participating?
- Satish Parakh:** I cannot disclose that.
- Mohit Kumar:** Thank you. That is it.
- Moderator:** Thank you. We have the next question from the line of Koundinya Nimmagadda from JM Financial. Please go ahead.
- Koundinya N:** Sir the first question against the Rs.1,524 Crores from SBI Macquarie what is the provision that we recorded in our balance sheet as of now?
- Paresh C. Mehta:** No, the Rs. 1,524 Crores liability is created from in the balance sheet itself so this quarter we will do the approximately Rs.44 Crores.
- Koundinya N:** I am asking about the shortfall Sir, is it 44 Crores?
- Paresh C. Mehta:** No, shortfall in the sense this is the total amount which is kind of a liability which has been booked as per IndAS working.
- Koundinya N:** Yes, understand that sr. if I remember correctly we also recorded a certain amount of provision for possible shortfall on the value of asset.
- Paresh C. Mehta:** No the only obligation which we create is the liability, is the investment of Macquarie as a creditor in our consolidated which is totally booked at the value of Rs.1,524 Crores.
- Koundinya N:** Okay sir, I will take it offline. Sir and then a couple of other questions. Sir are we also looking at new possible state orders like the one from UP state government or do we also see any potential ordering from Karnataka or Maharashtra states?
- Satish Parakh:** Yes we will be participating in EPC projects of the states also.
- Koundinya N:** How does the order pipeline look like Sir?
- Satish Parakh:** Order pipeline is very difficult to comment because of this last two quarters have gone very slow so we expect next two quarters to throw up lot of opportunity. Of course we will be participating; we have already shortlisted to participate in around Rs.50,000 Crores of bids.

- Koundinya N:** This is state bids which you are speaking Sir, this is only state orders?
- Satish Parakh:** It is from state as well as center, around Rs. 35,000 Crores center work and Rs. 13,000 to 15,000 Crores state works.
- Koundinya N:** In alone and this is in road Sir you are speaking about or all put together?
- Satish Parakh:** I am speaking only about the roads. Other than this there is the railways and power T&D. Only for roads our participation would be to the tune of Rs.50,000 Crores.
- Koundinya N:** Sir lastly if I may ask one more question, in the last concall we spoke about possible participation in BOT orders so where do we stand on that now?
- Satish Parakh:** We are yet to see the how the rolling up happens on BOT. There has been meetings with NHAI and various aspects of BOT to be new rolled out. So we are trying to get comfort on the traffic part of it. So once NHAI comes out with their policy then it will be easy to comment on this.
- Koundinya N:** Sir Do you believe that project financing would be easy for BOT projects in the current scenario given the past setbacks that have happened for various BOT orders. So do you see that financial closure can be achieved for BOT orders if they are awarded?
- Satish Parakh:** There has been no setback as far as Ashoka has been concerned on financial closures. So we do not see any problem going ahead also because we are looking at monetizing our ACL portfolio. So I think another two, three quarters the provision will be completely...
- Koundinya N:** My question is more from macro perspective, not just specific to Ashoka Buildcon, my question is more specific to macros in general do you think that bankers will be willing to fund BOT projects if there are...?
- Satish Parakh:** This will all depend upon what kind of compulsion, new model construction agreement is, given the NHAI. Is the risk ratio between private and government is balanced then maybe we may see more participation from banks. So they have been having meetings with bankers, with private players to see that what bids they can do with the model?
- Koundinya N:** Understood. Thank you Sir. Thanks for taking my questions.
- Moderator:** Thank you. We have the next question from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** A couple of questions from my side. First, Sir what was the equity that we infuse in our various businesses in Q1 and if you could give a breakup between roads and the CGD business?

- Paresh C. Mehta:** See, Q1 we infused approximately Rs.35 Crores in the road projects and Rs.15 Crores in the CGD business.
- Parvez Akhtar:** And Sir how are our operations in this Ratnagiri project panning out now?
- Paresh C. Mehta:** Ratnagiri projects we have started selling as you said in the last call we have already started selling gas we have already created dispensing stations and LNG stations at Ratnagiri and the scaling up is going on.
- Parvez Akhtar:** And Sir lastly what is the kind of margin trajectory that we see for ourselves going ahead?
- Paresh C. Mehta:** For this business?
- Parvez Akhtar:** No, overall at Ashoka Buildcon level, the standalone level.
- Paresh C. Mehta:** At the standalone level all the EPC business without other income we will continue in the range of 11 to 12.5 kind of the range of profitability based on the mix of EPC roads and EPC power, with other income because there are miscellaneous income which is directly flowing into the P&L and this could be in the range of 15%.
- Parvez Akhtar:** And Sir lastly what is our capex target for this year?
- Paresh C. Mehta:** Approximately Rs.80 Crores.
- Parvez Akhtar:** Sure Sir. Thanks. That is it from my side. All the best for future.
- Moderator:** Thank you. We have the next question from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
- Vibhor Singhal:** Sir, just I wanted to get the maths right so you mentioned that we are looking to do a capex of around Rs. 80 Crores this year and you also mentioned that the equity requirement for the HAM projects is around Rs.180 Crores this year in the five HAM projects and around Rs.25 Crores each in the two HAM projects and maybe in the fourth Tumkur–Shivamogga packaging Rs.50 Crores in that itself. So that is basically around Rs.300 Crores of equity and then there is also around Rs.50 Crores in CGD. So all these put together there is around Rs.350 Crores of equity investment plus capex that we need to do this year, and we still believe we should be able to maintain our debt levels at around Rs.500 to 600 Crores.
- Paresh C. Mehta:** Because there is a lot of mob advance also coming in on these projects where we put an equity, so I think those will have cover up the cash flows.
- Vibhor Singhal:** So how much mobilization advance are we expect in this year, a broad number let us say that you expect?

- Paresh C. Mehta:** No, so we have three projects on which mobilization advance to be received all the HAM projects so that would be in the range of approximately Rs.200-plus Crores
- Vibhor Singhal:** And Rs.100 Crores or so you believe should be released on the working capital that will or maybe there if does not really generate?
- Paresh C. Mehta:** Capex is funded on its own so that is not almost 95% funding happens in the capex.
- Vibhor Singhal:** Sure. Thank you so much Sir. Thanks for taking my questions. Wish you all the best.
- Moderator:** Thank you. We have the next question from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Sir just had a question on the interest cost. So in the Q4, we had Rs.37 Crores of interest cost in the Q1 we have 21 now our debt has come down by roughly Rs.150 Crores. So I am not really able to reconcile such a sharp reduction in the absolute interest cost on from Q4 to Q1 for Rs.150-odd Crores of reduction in the overall debt levels. So was it that in the Q4 the average utilization was much higher than what we saw as the quarter ended of is there someone off in the Q4.
- Paresh C. Mehta:** Utilization of the limits in the Q4 was definitely higher but that did not majorly contributing with that. Our major contribution of finance cost which is now necessarily interest cost is earned Ind-AS adjustment which shows that the number of Rs.34 Crores being slightly substantially higher than your Q1 so the run rate of this quarter would continue for the coming quarters.
- Ashish Shah:** So basically there was some sort of shortfall in the Ind-AS provision which you made up in the Q4 and the current run rate is the correct run rate to go by for the level of debt that we have?
- Paresh C. Mehta:** Correct.
- Ashish Shah:** Sure. Sir secondly on the working capital limits so what is the working capital limits that we have today and how much is utilized and also in terms of the non-fund limits whether we have sufficient limits so what is the limits we have and what is utilized?
- Paresh C. Mehta:** We have approximately including supply chain finance and CC limits. We have more than Rs.500-odd Crores of working capital limits of which the present utilization is hardly Rs.125 Crores. So I think so we have sufficient headroom.
- Ashish Shah:** Sir in terms of the nonfund the guarantees and everything.
- Paresh C. Mehta:** We have approximately a limit of around Rs.5,000 odd Crores and actually we have headroom of more than 1,500.

- Ashish Shah:** So you are saying 1500 is still unutilized?
- Paresh C. Mehta:** Yes.
- Ashish Shah:** That is it from my side Sir. Thank you.
- Moderator:** Thank you. We have the next question from the line of Russel Shah from HDFC Bank. Please go ahead.
- Russel Shah:** In terms of the under-construction HAM projects are there any ROW issues which we are still facing in terms of NHAI land 80% at 3H stage for the under-construction projects and are there any issues with ROB approvals or they are in sync?
- Satish Parakh:** See all the HAM projects there are issues on land acquisition for balance 20% but as per NHAI's policy they say COD will not get affected because of that so whatever is handed over to you in 180 days if you are able to complete in all respect then COD is what they have assured us. So there are stretches where some part will still remain under acquisition particularly urban stretches.
- Russel Shah:** Sir which projects are facing certain issues with land acquisition?.
- Satish Parakh:** Every project in India is facing 100% acquisition never happens in given two years' time so Kharar-Ludhiana is facing about 9% to 10% of the land, our Ananthapuram is still facing for around 3% to 4% of the land. So every project is balance 20% is the hurdle race which NHAI and construction together try to resolve it but certain things which would not get resolved are one which are in the course. So those have done whenever they are handed over, so according to concession agreement COD is provided your annuity will start and whenever we get this will complete along with escalation.
- Russel Shah:** So Sir there will be known reduction in annuity is on account of the land which has not provided right?
- Satish Parakh:** Whatever is not provided definitely proportionate hold up will be there from NHAI.
- Russel Shah:** That is it from my side Sir. Thank you.
- Moderator:** Thank you. We have the next question from the line of Jiten Rushi from Bank of Baroda. Please go ahead.
- Jiten Rushi:** Sir Can you tell us the revenue mix likely from the road EPC and the power T&D for the year broadly?
- Paresh C. Mehta:** This would be in the range of 75/25 between roads and power.

- Jiten Rushi:** That is something the run rate will be maintained?
- Paresh C. Mehta:** I think that is what we expect to close that.
- Jiten Rushi:** Sir this quarter the construction contract revenue would be at Rs. 830 Crores, what will be the revenue from construction contracts other than the...?
- Paresh C. Mehta:** About Rs. 830 Crores, Rs. 683 Crores on the road and power Rs.147 Crores.
- Jiten Rushi:** Okay Sir. Thank you Sir.
- Moderator:** Thank you. As there are no further question, I will now hand the floor back to the management team for closing comments.
- Paresh C. Mehta:** We thank all the participants for joining this call. If anybody has any queries, please contact with us or Stellar Investor Relations. Thank you very much.
- Satish Parakh:** Thank you very much.
- Moderator:** Thank you. On behalf of Bank of Baroda Capital Markets Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.