



Ashoka Buildcon Ltd.

# “Ashoka Buildcon Q1 FY2021 Earnings Conference Call”

August 12, 2020



Ashoka Buildcon Ltd.



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

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*Ashoka Buildcon Limited  
August 12, 2020*

**Moderator:** Ladies and gentlemen, good day, and welcome to the Ashoka Buildcon Q1 FY2021 Earnings Conference Call, hosted by Prabhudas Lilladher Private Limited. This conference call may contain forward looking statements about the company which are based on the belief, 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. 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 the 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. Viral Shah of Prabhudas Lilladher Private Limited. Thank you and over to you, Sir!

**Viral Shah:** Thank you. On behalf of Prabhudas Lilladher Private Limited., I welcome all the participants to the 1Q FY2021 post results conference call of Ashoka Buildcon. Today, we have with us Mr. Satish Parakh, Managing Director and Mr. Paresh Mehta, Chief Financial Officer of the Company. We will commence the call with the opening remarks from Mr. Parakh with an overview of the company’s performance. This will be followed by a Q & A. Now I would request with Mr. Parakh to begin with his opening remark. Over to you sir, and thank you.

**Satish Parakh:** Thank you Viral. Good afternoon everyone, we welcome you all to earnings conference call for the quarter ended June 30th 2020. I have with me on call Mr. Paresh Mehta, our Chief Financial Officer. We hope that all of you are staying safe and healthy during these unprecedented times. To start with, I shall initially brief you with the industry updates followed by company’s performance during the quarter gone by.

The global economy is witnessing challenges arising due to Covid-19 pandemic and the Road Infrastructure sector is not isolated. The pandemic, and the ensuing lockdown has adversely impacted the sector primarily attributable to the halting of construction activities across the country, lack of availability of labour, stoppage of toll collection, amongst others. However, with relaxation in the lockdown restrictions, the construction activity has resumed at major projects sites while following social-distancing norms and other health and hygiene measures. The operations are ramping up gradually across the sector. The economic activity has started to pick-up pace with toll collections also beginning to limp back to normalcy. Toll revenues across the sector has gradually revived to reach over 80-85% pre-covid levels, led by improving commercial traffic.

Currently, the sector is facing multiple headwinds in terms of lower execution, increased liabilities, liquidity crunch, and such others. The construction of Highways saw a close to 40% dip in the construction of lane kilometers compared to the corresponding period of last year. From constructing 28 km per day last fiscal, the national highway construction slowed down to 21 km per day in the present fiscal till the end of July. Historically, Q4 of every year, and particularly the months of March and April, are the months of highest order award activity – when the various govt departments try to achieve their full year targets. The pandemic, and the ensuing lockdowns, in these months, impacted the order award activity significantly.

The increasing concerns on account of change in Government's focus from Road Construction has been clarified by the Ministry by setting up an ambitious target of 60 km per day highway construction by our honorable Road Transport and Highways Minister 'Mr. Nitin Gadkari'. Furthermore, NHAI has recently announced to set Target of Awarding 4,500 km of National Highways in FY21. This creates future visibility towards enhancing our order book.

The Government proactively came up with slew of measures to provide required impetus to sector during current challenging phase. To highlight a few: With the aim to boost the investment from private sector in BOT projects, the revised model concession agreement has been proposed. The order for highway project will be issued only post 90% land acquisition to avoid any disputes arising at the later stage. Also, the revenue assessment of BOT projects will be done after every 5 years; this will enable to re-adjustment of concession period during drastic change in toll collection. We believe this shall make the BOT projects lucrative going forward. As liquidity remains a major concern for the industry, the ministry had recently commented that Banks have promised to support the infrastructure sector. Also, Ministry of Road Transport and Highways and the NHAI; have adopted faster payment mechanisms and shifted from a milestone-based payments system to a monthly payments mode to provide much required respite to road infrastructure developers' which are reeling under cash crunch. This will help Infrastructure developers in retaining their order book growth momentum and revenue visibility going forward.

Now, coming to the Company's performance during the quarter. Given the execution loss during Covid-19 lockdown, followed by limited labour availability, the overall construction activity has been muted in the first quarter and the impact of which is reflected in the financial results during the quarter gone by. During these difficult times, our focus continues on improving operating efficiency, adopting stringent cost control measures and safeguarding our profitability. We have intensified our focus on improving our construction activity resulting in much faster recovery in our operating activity. Presently, we are

operating at ~85% operational efficiency. Also, re-mobilization of labour has been faster than expected and we have achieved 90-95% of our labor strength back at our sites. We expect to reach pre-covid levels in near-term. On BOT projects, we have reached ~90% pre-Covid toll collections levels. We expect the same to reach back to normalcy with the overall revival in the economy.

Central Government's various slew of measures like loan moratorium, releasing due payments within stipulated time frame, releasing pro rata bank guarantees for the value to the extent project work is completed, reduction in interest rates, allowing grace period for payment of government duties and taxes to provide overall liquidity to the sector. We have made a detailed assessment of our liquidity position and do not foresee any challenges in managing our working capital requirements and servicing of the debt.

Now coming to the Order Book: The Company's total Order Book as on 30th June, 2020 stands at Rs. 8,617 crore. The break-up of the order book is as follows: Road projects comprise around Rs. 6,923 crores which is 80.3% of our total order book. Among road projects order book, HAM road projects are to the tune of Rs. 4,680 crores and EPC projects which is Rs. 2,243 crores. Power T&D and Others comprises of around Rs. 769 crores which is 8.9% of the total order book. Railways contributed Rs. 867 crores which is 10.1% of the total order book and EPC work from CGD business comprises of the balance of Rs. 59 crores. That is all from my side, I would now request Mr. Paresh Mehta to present the financial performance for Q1FY21.

**Paresh Mehta:**

Thank you, sir, and good afternoon everyone. The result presentation and the press release for the quarter have been uploaded on the stock exchanges and on the company's website. I believe you all may have gone through the same. Now, I will present the financial results for quarter ended 30th June 2020. As all of us are aware the lockdown that has been imposed to contain the spread of Covid 19 pandemic has adversely affected the company's operations and the financial results of the quarter ended 30th June 2020. Hence the results of this quarter are not comparable with corresponding to the quarter last year or comparative quarters of previous years.

Starting with the consolidated results the total income of Q1 FY21 stands at Rs. 793 crores. EBITDA stood at Rs. 278 crores at Q1 FY21 with the margin of 35.1%. Coming to the standalone numbers, the total income for Q1 FY21 stands at Rs. 621 crores, EBITDA for the quarter was at Rs. 130 crores and the EBITDA margins was at 21%. The higher margin is mainly on account of few projects on reaching completion stage releasing contingency provisioning considered at the start of the project and higher other are the incomes which included insurance claims received of around Rs. 5 crores. The company reported profit

after tax of Rs. 69 crores in Q1 FY21, PAT margin stood at 11%. During Q1 FY21, BOT division recorded a toll collection of Rs. 133 crores. Total Consolidated Debt as on 30th June 2020 is Rs. 5,581 crores of which projected is Rs. 5,342 crores including Rs. 150 crores of NCDs at ACL level. The standalone debt is Rs. 238 crores, which comprises of Rs. 211 crores of equipment loans and Rs. 27 crores of working capital loans. With this, we now open the floor for question and answers, thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

**Mohit Kumar:** Good afternoon, sir, and congratulations on a good set of numbers given the Covid situation. Sir, given the, as you mentioned that you know the labour availability has improved and the execution has ramped up, is there some guidance that you can give for FY21, and if you are not giving any reason why so

**Paresh Mehta:** We have to see the year by, presently things appear to be moving on track. We are going back on normalcy, so keeping in view the turnover loss in the 1st quarter and this quarter being as it is a lower performance quarter, we will try to catch up in the 2nd half and try to achieve at least the 1x of last year's turn over, minimum that much and keep a higher target of 1.1x.

**Mohit Kumar:** Understood, sir, and, sir, how is the ramp up of the execution of the various orders like Bundelkhand and specially the newer HAM project or have you got the site handed over, is it ramping up nicely. Bundelkhand I believe it is happening pretty fast, right.

**Satish Parakh:** Yeah, these are fast moving projects, Bundelkhand and the Vadodara Mumbai Expressway

**Mohit Kumar:** What about the new HAM projects, sir, the new one the Kandi-Ramsanpalle and the Tumkur-Shivamogga Package III

**Satish Parakh:** Yeah, Shivamogga 1 and 2 have started, 3 and 4 we have yet to take an appointed date which we expect to take around October, sometime in October we may get appointed date for Shivamogga part 3 and 4.

**Mohit Kumar:** Understood, and the last question, sir, on the toll, on the toll collection, is it fair to say that we draw collection of these 2 to 2.4 crores on a daily basis

**Paresh Mehta:** Yeah, so they are almost at 90% odd collection on an overall basis so your number is close to that and we believe that as the economy totally revives, the expected toll collection with some growth should pick up in the coming quarters



Ashoka Buildcon Ltd.

*Ashoka Buildcon Limited  
August 12, 2020*

- Mohit Kumar:** Okay. Understood Sir. Thank you, Sir, and best of luck.
- Moderator:** Thank you. The next question is from the line of Mr. Vijay Kumar from Spark Capital. Please go ahead.
- Vijay Kumar:** Right good afternoon, sir, so my 1st question is on the cumulative cash outgo over the next 2 years say in FY 22 and FY 23 in the assets, so if you can give the cash outgo that you have estimated for say equity and interest and say debt repayment, if you can give for FY22 and FY23, for the assets
- Paresh Mehta:** So on the assets side for the HAM projects till date we have already invested Rs. 56 crores and during the balance part of the year, we will be approximately spending Rs. 225 crores in the existing HAM projects. And in the next year that is FY 21-22 will end up spending approximately Rs. 160 crores.
- Vijay Kumar:** And how about interest overall for all the assets for Rs. 22 and Rs. 23 and also debt repayment
- Paresh Mehta:** That probably we could come offline, I don't have those numbers directly. So approximately we have a debt of around Rs. 5,500 crores so approximately in the outlay of Rs. 550 crores are on the existing debt. And another debt pickup say around Rs. 1,000 crores, so around Rs. 600 crores of interest payment would be there on all HAM projects
- Vijay Kumar:** I will probably get in touch with you offline to get the granularity. Essentially, I am trying to find out is the internal accruals from the assets, is it enough fund the cash outgo for the next two years sir, that's the objective
- Paresh Mehta:** Yeah, Okay.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
- Vibhor Singhal:** Good afternoon Sir, and thanks for taking my question. So just few questions from my side, sir. In terms of the HAM projects we mentioned that we have already taken the COD for Kharar-Ludhiana last month, in the month of April. So basically what is the status on the remaining work that is pending in Kharar-Ludhiana because I can see around Rs. 196 crores of work left in the order book? And also on the Anandapuram project when do we expect the COD to be received.

- Paresh Mehta:** So the Anandapuram is the next project which is coming for the COD in the next month, so that rate we will achieve. And the balance of other 5 projects we are expecting in the next year after October.
- Vibhor Singhal:** What I meant to ask you, sir, when are we expecting the COD for Anandapuram project.
- Paresh Mehta:** It should come by September end
- Vibhor Singhal:** September end, and both these projects, sir, the Kharar-Ludhiana and Anandapuram the remaining work that is left in these projects are around some Rs. 196 and some Rs. 159 crores, we should be able to complete it this year itself, do you foresee that.
- Paresh Mehta:** Before 31st March
- Vibhor Singhal:** Before 31st March, sure, sir. Sir, my last question is on the debt side, the debt has actually come down as you can see from Q4 to Q1 level, as a standalone level that I am talking of. So just wanted to get your perspective on that as this quarter we have seen a decent cash flow entering and payment by the government bodies. How is this kind of payment cycle as of now, are we seeing any delays by any of the foreign bodies either in the Power T&D segment or in the Road segment
- Paresh Mehta:** Except for a couple of one or say 1 or 2 employers, I think so NHAI definitely has been very prompt in making payments, and with the policies that they have come up with monthly billing, and intermittent 10% payment in the grant relief has definitely helped the cash flows of the company. So our debt which has typically was around Rs. 399 crores on a standalone as of 31st March has gone to Rs. 237 crores. It's basically cash utilized from cash balances as of 31st March and reduction in payment of CP and the refund of term loans of equipment. We will be achieving the repayment schedule of term loans. So we have not claimed any moratorium for our equipment loans, we have paid them on time
- Vibhor Singhal:** Right, sir, any delay from any of the Power T&D order. UP, Jharkhand or Bihar or Maharashtra
- Paresh Mehta:** Not really much, may on UP there is a slow but that lag is there for quite some time, more than; it's not related to Covid so I think that you will get result, they get resolved over a period of time. So slightly a lumpy payment but then they come in 2-3 months' time.
- Vibhor Singhal:** Sure sir, so just last thing if I can just squeeze in, you mentioned in your opening remark, about the ways the new model of business payment have been shaped up and the overall

BOT projects are good and we are trying to make it more attractive. So are we open to bidding for BOT projects in the near future if it suits our investment criteria

**Satish Parakh:** Yeah, we selectively look at projects if we really find they are attractive projects then we do participate

**Vibhor Singhal:** Sure, sir, and thank you taking all my questions and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum. Please go ahead.

**Ashish Shah:** Good afternoon, sir. Sir, the my question is on the numbers for the quarter as such, we have seen some bit of improvement in the gross margin in the quarters as well as we have been able to cut a lot of expenditure on the other expenses side, so just wanted to understand how much of this is sustainable and the benefit will continue in the coming quarters, or you know we can probably revert to a normal level in the quarters to come because given the level of execution, the margins actually are very strong.

**Paresh Mehta:** Yeah, so basically definitely from activity perspective there was lower activity, a lot of admin expenses have been controlled and reduced also because of lower activity which is probably increase as turnover increases. So our guidance on the EBITDA margin will continue to remain, remaining on 12.5 to 13%, as already spoken earlier that margins are looking higher in this quarter basically because of two reasons, one is other income which is higher by Rs. 5 crores on account of insurance and additional Rs. 5 crores on account of restructuring of equipment loan in one of our portfolios, and also on the turnover side because of certain projects which are coming to a fag end there have been release in the contingency reserves which we had provided for like Kharar and Ranatsalam.

**Ashish Shah:** Okay, sir, can you elaborate on the restructuring of the equipment loan, I wasn't very clear on that.

**Paresh Mehta:** So we had a loan from SREI as an equipment loan of say around 65 crores which was taken over by ICICI Bank from SREI in the course of their taking over they have increased the interest, so the interest on that 65 crores was around say 4% which was taken over by ICICI at a lower value with a higher interest rate, NPA wise it doesn't impact us but from an accounting wise for the quarter there is a reduction in the loan amount at 5 crores.

**Ashish Shah:** Sure, sure, sir, also in terms of the financial closure for Tumkur-Shivamogga 3-4 & Kandi-Ramsanpalle, so where we are on that, are we you know have we completely closed on the

financial side, are we just waiting for the appointed dates or the financial closure is still pending

**Paresh Mehta:** So the financial closure of all the three are still pending. For the Kandi project we have already received sanctions and we are already in the documentation stage and for the TS-3 and TS-4 we are in the process of getting the sanctions in place. They are already with the bankers in the last leg, due to the Covid situation the way the meetings are happening at the banker's end is also slightly slow so otherwise in the normal course we would have achieved it sometime back but we believe that we will achieve in the next one and half months' time.

**Ashish Shah:** So by October financial closure will be achieved for these three. Sir, what is the land status for TS-3, 4 and Kandi?

**Paresh Mehta:** Kandi, the land position is substantially good

**Satish Parakh** TS3 is also good and TS4 we have just 50% land so TS4 really needs to make up otherwise TS3 has good amount of land, more than 80% available and Kandi also has more than 80%.

**Ashish Shah:** Got it. Sir, lastly, what is the net debt number, we know the gross debt but if you can help with the cash balance or the net debt number whichever way.

**Paresh Mehta:** The net debt number on the standalone is approximately Rs. 63 crores only, so we have a standalone debt of around Rs. 238 crores. And cash balance of Rs. 179 crores. So that is Rs. 63 and on the consol the net debt position would be approximately Rs. 5,075 crores and total debt of Rs. 5,580 crores less cash and bank balance of Rs. 505 crores.

**Ashish Shah:** Thank you so much for taking my questions and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss Securities. Please go ahead.

**Parvez Akhtar:** Good afternoon, sir. A couple of questions from my side. Just wanted to get it correct, we have inflows about Rs. 56 crores equity in Q1, did I get the number right?

**Paresh Mehta:** Correct, sir.

**Parvez Akhtar:** Sir, what was the break-up of revenue between different segments this quarter.



Ashoka Buildcon Ltd.

*Ashoka Buildcon Limited  
August 12, 2020*

**Paresh Mehta:** On the segment side on the road sector we had approximately Rs. 425 crores of turnover, on the power side around Rs. 35 crores, on the railway around Rs. 37 crores.

**Parvez Akhtar:** In terms of order intake what are we targeting this year and what would be the broad break up among various segments that we have.

**Satish Parakh:** So road sector we should be able to easily bag around Rs. 3,000 to 4,000 crores of orders, and then railways we are expecting another Rs. 1,000-1,200 crores. Power we are not very optimistic of any substantial incoming orders. So overall we should do Rs. 4,000 to 5,000 crores.

**Parvez Akhtar:** Sure, sir, thanks a lot.

**Moderator:** Thank you. The next question is from the line of Shivang Joshi from Prabhudas Lilladher. Please go ahead.

**Shivang Joshi:** Hello, sir. I wanted to understand whether we have taken moratorium at the SPV level as well.

**Paresh Mehta:** Yeah, at the standalone level we have not taken any moratorium so we continue to, with all our debts to the way they are. On the SPV level, we are paying the moratorium for the principle amount, on the interest amount to the extent possible we are paying otherwise it will have to be paid in the next H2. So, on the principle amount except for Jaora project we have opted for moratorium.

**Shivang Joshi:** Okay, and since the moratorium will be getting over in August and since our toll levels are already reached so we are comfortable for paying the principal portion in the next month.

**Paresh Mehta:** No, for a correction the moratorium for principal is for, so the total loan period gets extended. As far as interest is concerned it is only a deferment so interest will be serviced through the cash flows of the toll revenues.

**Shivang Joshi:** Okay, further, sir, wanted to get an update on whether the SBI Macquarie negotiations have restarted since toll revenues are already at 90% pre-Covid level.

**Paresh Mehta:** Yeah, so as far as the SBI Macquarie exit or monetizations of assets process was going on definitely the potential bidder which was there in March he is still on hold, so they have probably kept on hold all investments at least upto August end. But in the meanwhile we have also started talking to other investors who were there in the fray in the past to relook and they are probably giving an offer any time in the coming month.



Ashoka Buildcon Ltd.

*Ashoka Buildcon Limited  
August 12, 2020*

- Shivang Joshi:** In the coming month?
- Paresh Mehta:** Yeah.
- Shivang Joshi:** Okay, I think my other questions have been answered, thank you so much.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Thanks for the opportunity once again, sir. Sir, first of all the receivables we had a decent amount of receivables from the T&D sector, are we seeing any kind of liquidation plan given the situation that the margin are improving with new liquidity scheme.
- Paresh Mehta:** So the receivables they have improved a bit but they continue to be at similar levels. So these are all receivables from the recent billing done in the last 4 months. So that is the payment cycle how it works. So I think we're quite confident that these receivables will get paid off.
- Mohit Kumar:** What is the number right now in the T&D?
- Paresh Mehta:** From the T&D and railway put together it would be approximately Rs. 600 odd crores. 650 crores. Including retention and SG.
- Mohit Kumar:** Okay understood sir. And secondly on the railway side are you seeing a larger traction in terms of order activity?
- Satish Parakh:** Yes basically army and corps are throwing up lot of opportunities. So definitely we hope we'll be able to participate in the certain tenders.
- Mohit Kumar:** How was it in the last four months? Was it dull in last four months and you expect a pick up in the next eight months?
- Satish Parakh:** No, the bidding was launched with almost everybody including railways. So we've already participated in three bids. We're expecting results. Roads also we've participated more than around 300 kilometres. So we're expecting some of the results in coming weeks
- Mohit Kumar:** Okay, understood sir. Thank you sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Mayank Vaswani from Individual Investor. Please go ahead.

**Mayank Vaswani:** Sir my first question is sir on the compensation for the impact of Covid. What do you think is the, if you could possibly quantify the compensation that you received both on the tolling side as well as the construction business? And if you could just walk us through the accounting treatment for the same?

**Paresh Mehta:** So what we expect in the NHAI's circulars is that they have presently only given the benefit of extension of the concession period. So it's like whatever 22 days we've lost will be added to the concession period. So there's no cash compensation. Definitely we're trying to ask for a compensation on the expenses incurred. But till date they've not confirmed anything on that side. So that is a slightly grey area. On the accounting side, what we've typically done we've not recognized any toll revenue for 22 days though there is an extension of, expected extension of the toll concession period by 22 days plus some other days due to the low collection in the balance, in the month of April, May and June. So that revenue is not recognized. We're recognizing toll revenue as actual what is collected in the in the quarter. And the amortization is based on the extended concession period of the project.

**Mayank Vaswani:** Right. So that number has been adjusted accordingly, sir the amortization number?

**Paresh Mehta:** Correct. Right.

**Mayank Vaswani:** Right. Sir second question I'm sorry I missed possibly some of the quantification in your opening remarks. Sir you had split up the other income into insurance, restructuring of term loan for equipment and release of some contingency provision. Now for this, sir I think the break up, your total other income for the quarter is 31 crore on a consolidated basis. So I believe you mentioned 5 crore for the term loan equipment restructuring. So could you split up the balance 26 crores sir?

**Paresh Mehta:** And insurance would be approximately 5 crores. And approximately interest paid to, interest around 17 crores. Interest earnings from associates and bank FDs.

**Mayank Vaswani:** Right. And the balance would be the contingency provision. Would that be about I think 4 crores?

**Paresh Mehta:** But that is not part of the other income. That is more from a part of the EBITDA.

**Mayank Vaswani:** Okay, okay. Understood. And sir just one last housekeeping question, if I may. There is a note in your accounts which says that the financials have been prepared on the basis of the uncertainties under the quarter and the impact of the pandemic in the future may be different from estimated. I mean this seems like a general note sir, but is there any specific

assumption that you would be able to flag out which possibly may be revisited in the future once we get a better handle on the impact of the pandemic?

**Paresh Mehta:** At this moment we cannot identify anything. What we've typically done is in our budget we have provided for any impact of Covid in the coming 8 to 10 months. That expenditure they've provided for so that when the work gets executed any increased cost is part of the provisioning in the budget. But otherwise there is no, with the provisioning created we probably will have to wait for another two quarters to see whether the pandemic has still more an impact on the profit. Otherwise those reserve states could get released after two to three quarters.

**Mayank Vaswani:** Right sir. That's all from me. Thank you.

**Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

**Jiten Rushi:** Yeah good afternoon. Thanks for taking my question. Sir on the equity front sir as you said you'll initiate 56 crores in Q1. So can you just give us the total equity requirement invested so far and how much are likely to be invested in next 2 to 3 years for HAM projects?

**Paresh Mehta:** As I said the total equity invested in all the HAM projects including our annuity projects at ABL level is approximately Rs. 700 crores of which if you reduce the investments made at the ABL standalone projects which are smaller annuity projects of Rs. 140 crores, the total investment is around Rs. 560 crores.

**Jiten Rushi:** 560 crores are HAM projects?

**Paresh Mehta:** Right.

**Jiten Rushi:** And balance requirement would be how much now?

**Paresh Mehta:** Balance as I said is Rs. 225 crores in the balance period and Rs. 150 crores in FY21-22 for the existing HAM projects. So around 375 crores.

**Jiten Rushi:** And sir on the ACL portfolio with the Macquarie, what is the, so what is the equity and the debt portion. Can you give us the break up as on date, as on June?

**Paresh Mehta:** At the ACL level total equity is approximately to the tune of around Rs. 1,860 crores. And debt is the NCD which we have borrowed at ACL of Rs. 150 crores.

- Jiten Rushi:** No, I'm asking about the SBI Macquarie portfolio. What is the EV of that portfolio of seven assets? So equity invested and the outstanding debt.
- Paresh Mehta:** Okay. So that would be approximately around yeah I think so it should be Rs. 5,500 crores of debt plus equity value of Rs. 1,800 crores.
- Jiten Rushi:** Including loss funding, right sir?
- Paresh Mehta:** Including loss funding, No. Then would be another say 800 crores. Loss funding or any other assets. So amount funded by ABL, so total value is around Rs. 8,100 crores, enterprise value.
- Jiten Rushi:** This is a value of the ACL assets with the SBI Macquarie, right sir? Rs. 8100 crores if I may ask you again, I'm sorry I'm asking you the same question.
- Paresh Mehta:** That's right.
- Jiten Rushi:** Hello. So Rs. 8,100 crores is the, so I think that should be the total ACL value I believe?
- Paresh Mehta:** Yeah. Enterprise value.
- Jiten Rushi:** Okay I'll take it offline. No problem sir. Sir what is the Capex requirement this year and mobilization advance and retention outstanding as in June?
- Paresh Mehta:** So Capex requirement for the balance period is approximately Rs. 70 odd crores. We'll have to see how the Capex will actually pan out depending on how work picks up. But the budgeted is approximately 70 crores.
- Jiten Rushi:** The mobilization advance and retention outstanding if you can provide the number please.
- Paresh Mehta:** Approximately the mobilization advance would be to the tune of Rs. 360 crores including other advances also.
- Jiten Rushi:** Okay. The retention would be how much sir?
- Paresh Mehta:** Retention would be approximately 196 crores.
- Jiten Rushi:** And sir on the arbitration front last quarter you had said that you've got some claims outstanding of Rs. 550 crores in core projects. So we had approached the reconciliation committee. So any outcome so far sir?



Ashoka Buildcon Ltd.

*Ashoka Buildcon Limited  
August 12, 2020*

- Satish Parakh:** No outcome. We've approached NHAH and reconciliation process with the committee we have appointed now. So reconciliation would start now in this month.
- Jiten Rushi:** So considering and expected in probably next 2 to 3 months.
- Satish Parakh:** Yeah they take at least 2 to 3 months to decide on.
- Jiten Rushi:** Sir last, but on that revenue of that loan restructuring you're talking about sir, we have booked 5 crores in the other income, right sir, because of the restructuring of equipment loan?
- Paresh Mehta:** Correct.
- Jiten Rushi:** That's it from my side. Thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from JM Financials. Please go ahead.
- Subhadip Mitra:** Good afternoon sir. Firstly, just wanted to get a sense on the contingency reserve release which you're saying is part of EBITDA. Can you give me that amount?
- Paresh Mehta:** It's not really quantified. It's more of the total budget of each project. So cannot really quantify. So anything in the range of 2 to 3% of it. 2% around of the turnover.
- Subhadip Mitra:** 2% of 1Q turnover, am I correct in understanding that?
- Paresh Mehta:** Yeah 2% approximately of the Q1.
- Subhadip Mitra:** Yeah Q1 overall turnover, that's how you look it? or only the BOT part?
- Paresh Mehta:** Overall you can look at it.
- Subhadip Mitra:** Okay, okay, understood. And secondly this you know macro question, this is on by when do you see the NHAH ordering or the award process accelerating? Because we understand that the tendering process has been actively on. However, I think NHAHs own process of raising money for something like the Mumbai-Delhi corridor etc., seem to be getting delayed. So do you sense some delays because of the funding constraint on the NHAH side or do you see things really picking up now?

**Satish Parakh:** See whatever they've decided around 4,500 kilometres of award, which certainly looks happening. Because 3,200 is already announced. So out of that 1,400 kilometres of bidding is already done. 1,800 is which we are likely to see up to September. And NH 1 itself they're crossing more than 3,000 kilometres.

**Subhadip Mitra:** Okay so this will be bidding for 3,000 kilometres which should get completed by 1H itself, that's what you meant?

**Satish Parakh:** Yeah NHAI itself they'll be completing the bidding of 3000 kilometres which includes NHAI MORTH and NHAI DCL.

**Subhadip Mitra:** Understood. And Sir, so what is the rough mix that you think between HAM & EPC in this basket?

**Satish Parakh:** See what we've seen is HAM is little more than EPC, around 60% is HAM projects and 40% still EPC projects are coming up.

**Subhadip Mitra:** Understood, understood. And you don't foresee any big constraints or aversion from the banking industry for new HAM projects, do you?

**Paresh Mehta:** So on the funding for HAM projects definitely the challenges are there in the sector. And because of the reduction in the number of bankers also, because of the mergers. So that challenge continues. So the better players will continue to have bankers chasing them. But that challenge is going to be there. But I think so depending on NHAIs annuity guarantee, I think that we keep on funding.

**Subhadip Mitra:** Understood. Thank you. That's it from my side.

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

**Ankita Shah:** Yeah hi. Sir I wanted to check, sir is there any risk to funding of Delhi-Mumbai Expressway project given NIF has parted ways with NHAI to fund and support the project? And any risk to our project also that we're doing on this stretch?

**Satish Parakh:** No, I don't think so. The project which we're executing there is absolutely, payment has been made.

**Ankita Shah:** Then what's the plan of NHAI to fund this project because it was understood that NIF would be supporting this project?



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- Satish Parakh:** I am not able to comment on this.
- Ankita Shah:** Okay. As of now there is no issue in payment on this stretch?
- Satish Parakh:** As of now no, absolutely no issues.
- Ankita Shah:** Okay. And sir secondly what are the margins that we make in railway projects, typically the ones that we get from RVNL?
- Paresh Mehta:** They continue in the range of say 9 to 10%.
- Ankita Shah:** 9 to 10%. Okay, sure. Thank you sir. That's it.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar:** Yeah sir thanks for taking up my follow up question. Sir two questions. One, did we incur any Capex in Q1? And the second- was there any toll hike on any of the projects that we received in Q1?
- Paresh Mehta:** No significant Capex in Q1. And as far as toll hike is concerned, not in Q1. Whatever happened was as of 1st April. So all NHAI projects except for Bhandara and Durg were the toll hike is in 1st September, they have received increment in the toll rates by almost in the range of 3.5% and on the Jaora project of 7%.
- Parvez Akhtar:** Sure sir, thanks.
- Moderator:** Thank you. As there are no further questions I would now like to hand the conference over to the management for closing comments.
- Paresh Mehta:** So, thank you very much. We thank all the participants for joining on this call. If you have any further queries we are open for any clarification, you may connect with us directly or we have our Investor Relations, tell our Investor Relations. Thank you. We wish you all good health.
- Viral Shah:** Thank you all the participants for participating in the call. And I once again thank the management for giving us an opportunity to host the call. Thank you.
- Moderator:** Thank you. On behalf of Prabhudas Lilladher that concludes this conference. Thank you for joining us. You may now disconnect your lines.