



Ashoka Buildcon Ltd.

“Ashoka Buildcon Q2 FY-21 Earnings Conference Call”

November 12, 2020



Ashoka Buildcon Ltd.



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Moderator: Ladies and gentlemen, good day and welcome to the Ashoka Buildcon Q2 FY21 Earnings Conference Call hosted by JM Financial Securities. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Subhadip Mitra from JM Financial. Thank you and over to you sir.

Subhadip Mitra: Thank you. Good afternoon friends on behalf of JM Financial. I welcome you all to Ashoka Buildcon 2Q FY21 Earnings Call. We are joined today by the senior management of Ashoka Buildcon led by Mr. Satish Parakh – Managing Director and Mr. Paresh Mehta – CFO. I would now like to hand over the call to Mr. Parakh for his opening comments followed by Q&A session. Over to you sir.

Satish Parakh: Thank you, Subhadip. Good afternoon everyone. We welcome you all to our earnings conference call. For quarter ended September 30th 2020. I have with me on call Paresh Mehta, our CFO. We hope that all of you continue to stay safe and healthy during these unprecedented times. To start with, I’ll initially brief you on the industry updates, followed by the company’s performance during the quarter gone by.

As you all are aware, infrastructure is a foremost pillar for economic growth. The government is providing a massive push on infrastructure sector to gain faster economic revival. Despite locked down and prevailing situation, NHAI took various initiatives like ease of liquidity crunch and ensure cash flow to the developer, NHAI disbursed more than Rs. 15,000 crores to the developer. Additionally, steps such as monthly payments to the developer, loan moratorium amongst other, this has aided in boosting the developers’ sentiment. During the first half of the year, the NHAI has awarded the highest level of projects as compared to the average last three years. From April to September NHAI has awarded 40 projects covering 1,330 kilometers, which is 1.6 times higher than previous year. During the beginning of the year, NHAI has set a target of 4,500 kilometers financial year. NHAI is expected to exceed its target of awarding 4,500 kilometers of highway. Given the opportunity we are confident to get a few more projects in the current financial year.

Coming to the companies performances in the quarter. As shared with you earlier, in Q1 FY21 operations were significantly impacted due to outbreak of COVID-19 ensured lockdown and lack of availability of labor during this period, our focus has been on resumption of business and ramping up operations. With the opening of various geographies and improving labor availability. We have witnessed month-on-month improvement in our business operations and currently have achieved normalcy across all the projects. We’re happy to report that in Q2 FY21 were able to deliver better performance compared to the corresponding quarter last year.

During the quarter, we have won two road projects worth Rs.1,390 crores from NHAI under Bharatmala Pariyojana Package 1 in the state of Bihar on EPC basis. Project consists of four-

laning of Arrah to Pararia section and Pararia to Mohania, Purnia section. With this, total order book as on 30th September 2020 stand at Rs.9,300 crores. The breakup of the order book is, road projects compromised around Rs.7,570 crores, which is 81% of our total order book. Amongst road projects order book HAM projects add to the work to the tune of Rs.4,323 crores and EPC projects, which is Rs.3,247 crores. Power T&D and others are around Rs.905 crores, 10% of the order book, and railways have contributed Rs.781 crores, which is around 8% of the total order book. And CGD business compromise around Rs.44 crores.

Moving on to the key developments. We are pleased to share that we have received appointment date of Kandi Ramsanpalle road project, and for the two HAM projects, Tumkur-Shivamogga 3 and 4, we expect to receive the appointed date in near term. We would like to inform you that our Ranastalam Anandapuram HAM project have received September 24, 2020 as commercial operation date. The Ashoka Ranastalam Anandapuram Road is eligible for receipt of annuity payments from NHAI within 6 months from the date of achievement of COD. Also the SPV has received provisioning completion certificate of 45.55 kilometers out of the project highway length of 47 kilometers. Further to our disclosure on the receipt of COD of Kharar Ludhiana HAM project, we would like to share that we have received first annuity payment of Rs.66 crores on September 30, 2020. That is all from my side, I would now request Paresh Mehta present the financial results of Q2 FY21. Thank you.

Paresh Mehta:

Thank you, sir. 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 the quarter ended September 30, 2020. Starting with the consolidated results, the total income for Q2 FY21 stood at Rs.1,218 crores as compared to Rs.1,053 crores in Q2 FY20, registering a growth of 15.7% year-on-year. EBITDA stood at Rs.421 crores in Q2 FY21 with a margin of 34.6%, a growth of 9.7% year-on-year. Profit after tax is at Rs.70 crores, with the PAT margin of 5.8%.

Now coming to the standalone numbers, the total income for Q2 FY21 stood at Rs.927 crores as compared to Rs.862 crores in corresponding quarter last fiscal, registering a growth of 7.6% year-on-year. During Q2 FY21, BOT division recorded a toll revenue of Rs.224 crores. EBITDA for the quarter was at Rs.181 crores as compared to Rs.162 crores in the corresponding quarter last year, clocking a growth of 11.5% year-on-year growth. EBITDA margins was at 19.5% for Q2 FY21. The company reported profit after tax of Rs.105 crores in Q2 FY21 registering a growth of 44% year-on-year. Total consolidated debt as on 30th September 2020 is at Rs.5,643 crores, of which project debt is 5,419 crores, including Rs.150 crores NCDs at ACL level. The standalone debt is Rs.224 crores, which comprises of 191 crores of equipment loan and Rs.33 crores of working capital loans. With this, we now open the floor for question and answers. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Sir, given the momentum in the second quarter, how do you see H2 FY21 revenues, do we maintain the flat guidance and any color on the FY22, some kind of guidance if you can provide?

Paresh Mehta: So as the general trend is, H2 of any EPC business is better than H1. So we believe that H2 will be better than H1. And on a yearly numbers, we will probably stick to our initial guidance of 1x of last year at least and maintain similar margins of around 13% minimum at EPC level and 12% to 13% EPC level without other incomes.

Mohit Kumar: Okay. Understood sir. And anything on FY22, sir, FY22?

Paresh Mehta: FY22, with the existing orders which we have, we should grow by at least 15% to 20% and with new orders should come in. So, should not be a challenge at all it in fact, with the opportunity available, it could be substantially higher. It all depends on order intake. The present order intake is to be completed in two years' time. So, I believe 20% increase could be easily built in.

Mohit Kumar: And secondly, sir is there any development on the deal which you're trying to do for the sale of the assets. Is there some guidance, new guidance which you're looking forward to new timelines?

Paresh Mehta: So we have started this process of Macquarie, trying to get an exit, getting into an exit from the portfolio. So the process was started almost initially last September. In the month of March, probably got delayed because of the COVID, but it got restarted in May. There are three, four potential investors who are very keen and have given some non-binding offers, and they are in a process of due diligence of the portfolio, their own due diligence which is expected to get over and probably we could see a kind of a binding offer by December end and then get into documentation and closure of the exit of Macquarie.

Mohit Kumar: Okay. Sir, last question there's a revised HAM document from the BOT. Is there any chance that of the clause rate will apply retrospectively or you don't think there is any chance?

Paresh Mehta: So presently, it appears, definitely this is for the new HAM which are coming up. We, along with our national Highway Federation Builders Federation, they are pursuing for certain changes in the previous HAM concessions also. But as of date, it is uncertain the effort is on.

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

Vibhor Singhal: Sir, two questions from my side. Just wanted to check, what would be the level of labor availability at this point of time, and how would we rate our execution in terms of percentage of pre-COVID level?

Satish Parakh: See, labor has now become completely normal. So it's available as earlier. So we have already reached at par pre-COVID level normalcies now, which is almost for all projects.

Vibhor Singhal: Okay. And due to these new guidelines in terms of social distancing norms, and other precautions that we have to take because of COVID, is there some kind of, let's say a lower execution that we are able to manage with the same labor that you were able to do or will you believe now slowly coming back, that is also kind of coming back to the pre-COVID levels also?

Satish Parakh: Yes, this has also come to the pre-COVID level definitely, precautions are taken at all the project sites, all the norms are followed. But we don't see any progress has come to the normal levels. These people normally stay at one location and the stay together. So we are trying to see that outsiders are not mixed with these people.

Vibhor Singhal: Sure, sir, that's good to hear. Also, sir basic what I also wanted to understand was that on the execution side, as we are looking at, what is the kind of payment status from the various government bodies, we have all heard that NHAI is actually making payments quite promptly but in terms of our other projects, which we have in our order book in the power and T&D segment and the railway segment. So whatever little execution that we are doing and also basically your state road projects. Basically, sir, how is the state government payments coming up, are they kind of slow or they also kind of on time?

Satish Parakh: Yes, if you see, NHAI has been extremely prompt and they have been really accelerating payments. They have given certain relaxations also in the milestone payments and even hybrid annuity payments. The NHAI has been superb throughout even in difficult times. Railway, there has been no problem, they have been paying as usual and if you come to the speeds, then we are doing work for UP state, which is Bundelkhand Expressway. There also, we have seen very prompt, so they are also highly prompt in paying. So there has been absolutely no trouble as far as these projects are concerned. Problems where we have faced is power project, particularly in Jharkhand there is a significant delay. In Bihar, they are paying for the running projects. But for the finalization of the project in releasing of retention money, there has been delays. So overall, the power projects have suffered a bit because of payment, but on road side, we have not faced any significantly delays.

Vibhor Singhal: Also, going ahead in the second half of the year, given that most of the states are right now fighting with the Central Government further dues and they all seem to be in a very dire fiscal state, do you expect this payment situation to maybe worsen from here or do you believe the worse is behind us and it will only improve from there?

Satish Parakh: Central government is trying to help out state governments. And we definitely see that the payments will start coming in for the situations where we have seen delay. So Central is helping states to revive and that definitely will improve the situation of payments.

Vibhor Singhal: Sure, sir. Sir, last question from my side. Paresh Sir, the margins for the last two quarters have been quite strong for us. So were these margins higher because of especially in Q2 also any kind of an exceptional item which probably leads to these kind of margins and what is the sustainable kind of margins that we can assume going forward?

- Paresh Mehta:** So margins are essentially higher. One is because of other income where interest income accruing from supporting of the ACL. That income is part of the revenue. Otherwise, also, in the execution side, projects which are coming to end like Rangasthalam and Khairatunda projects. Because their scope has been fully defined and now released from NHAH purpose the amounts have been qualified. So, there are contingencies in this quarter also and that's the reason the margins look robust. Going forward, we believe that on a normal basis, the margins would be in the range of 12% to 13%, EBITDA margins on execution.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** A couple of questions. Firstly, if you can give me the breakup between, building, railways, roads and RMC?
- Paresh Mehta:** Yes. So for the quarter, the road turnover was around Rs.662 crores. For our power business, power rail and CGD around Rs.193 crores the other business, which includes power, railway and city which is under one vertical. On the RMC, it is around 12 crores.
- Ashish Shah:** Sure. When I look at some of these projects in the order book, especially the TOT and EPC that we are doing and the Kim Vadodara, there seems to be some slowdown in the execution. We are taking into account the COVID impact as well, but even in Q2 one sees that there's not been any appreciable improvement. So is there any issue with these projects or it's just a matter of time before we start seeing the numbers again?
- Satish Parakh:** Rainy seasons was the main concern in these two areas.
- Ashish Shah:** Sorry. I missed it, sir. So any number you'd like to throw for full year. How much would you expect to execute in the TOT project especially, and Kim Vadodara?
- Paresh Mehta:** On the TOT probably we will most finish with 75%-85% of the balance work. And on the Kim probably another by the time, by March end we'll be almost 85% completed, 85% to 90% completed.
- Ashish Shah:** Okay, sure. Lastly, if you can just talk a little bit about these two HAMs where you have received the PSU. So now what does the interest rate for these HAMs. Have they already been refinanced lowered or there is something that we'll do it in the coming quarters?
- Paresh Mehta:** So these HAM projects are in the range of 9% presently. And they are already the project has been revised to 8.15% and in Rangasthalam because we just received the COD in the process of getting the interest rate revised from the existing lenders. But there is a good opportunity for these projects to be refinanced at a range, in the range of 7.5% to 8%.

- Ashish Shah:** Right. So essentially, the interest rate differential that we were talking about, that would be very narrow to small, right. Once the refinancing happens, there wouldn't be much of a difference left. If you get them financed at about, let's say, as you are saying 7.5% to 8%.
- Paresh Mehta:** Yes. So, I agree at this moment RBI rate would be 4.25% plus 3% spread, 7.25% so it will be on the same. But the RBI would be on a very substantially larger amount, it is always double the amount, because that is on the annuity part, not double almost 1.5 times a month, 1.4 to 1.5 times and that will be later.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** So referring to the discussion earlier, that the payments have been, NHAI has been paying promptly that even the state projects money has been coming. But when I look at your debtors, it's almost a Rs.1300 crores given the size of the company on the 590 days kind of number. So, what explains this huge variation in the debtor?
- Paresh Mehta:** So as far as roads are concerned, the debtors are more similar kind of quarter-on-quarter because execution is also similar. So whatever is being executed is being received, there's no problem there. On the power definitely, a bit of accumulation is there because as we discussed, in the state of Jharkhand and Bihar there is a lag, which is creating a bit of pileup on the security deposit or the retention money. Otherwise, on a routine basis, that payments are being released but SDs does not seem to be going up. So if you see as of March and as of September, the number is similar.
- Parikshit Kandpal:** That is what I am asking the number is still, actually your revenue from the power and other payment is about 70 crores this quarter, so it's not substantial and substantial revenue has been coming on from roads. So where the payment collection has been much better. So if you can help us give break up of this, like how much of the Rs.1300 crores, how much will be pertaining to the power?
- Paresh Mehta:** Power would be approximately Rs.460 crores net position of debtors.
- Parikshit Kandpal:** And railway?
- Paresh Mehta:** Railway would be small, approximately Rs.50 crores.
- Parikshit Kandpal:** So you're saying about Rs.800-900 crores will be from the roads.
- Paresh Mehta:** So these are net of advances. So those roads net of advances would be Rs.476, so this number we are talking about is the net of advances of Rs.1,078 crores, which you are comparing to Rs.1,400 I believe.

- Parikshit Kandpal:** Yes, so Rs.1,300 debtors which I'm comparing this with. So on that amount, I wanted a breakup of power, roads and railways debtors.
- Paresh Mehta:** So what you have to do is, you have to compare it from a net of advances because then otherwise it would not show a proper number. So if you net of advance, the total number is 1,078 crores of which 476 crore is on the roads, and power is around 459, 50 crores is railway and then miscellaneous outstanding.
- Parikshit Kandpal:** And within the power, sir what would be the aging like this 500 crores on which is reduced so what could because the revenue, even if I annualized about 270 crores if I annualize for the full year, it will be about 280 odd crores. So it's more than a year. So how much would be the dues, which should be more than a year in power segment and what is the plan of action kind of recovering the dues?
- Paresh Mehta:** So what is happening is, see in this power projects, the SD between for some projects for two years to five years. So this SDs are not much of these overdue, these are due to be received in due course of time. They don't have clause of time guarantee to be placed by the outstanding. So they will be received in time. If you ask me what are the sticky kind of power receivables would be to the tune of around 100 odd crores, which are sticky and which will be received on 100 to 125 crores, which we are pursuing from states like Bihar and Jharkhand.
- Parikshit Kandpal:** Okay. And second question was on the monetization part, so you said that three to four people are gone into giving non-binding offer right now and by December, there will be something which could be possibly announced. So just wanted to get your sense on this entire portfolio, which is going, first of all it covers both BOT and HAM. And also what will be the book value of the equity, which will be going towards the deal and which assets will be outside the deal?
- Paresh Mehta:** So approximately, the book value would be to the tune of Rs.2,700 crores. And what the monetization process is on the BOT projects, all the projects that people are looking at taking over. On the HAM projects, only the completed HAM projects they can immediately take over and for those we'll get into understanding whenever the COD is achieved, we will be offering for sale at a particular structure, which will decide on what final offer comes from them.
- Parikshit Kandpal:** And this 2,700 will be protected the deal, will be at least minimum to that extent of book value at least we will try to recover.
- Paresh Mehta:** We need to see that, I really cannot comment on this at this point of time, but it should be recovered.
- Parikshit Kandpal:** Okay. And just lastly, sir on the platform investor, so the investor will get finalized, he will be a platform investor future success, sir?



- Paresh Mehta:** See, probably at this moment of time, we are running a deal for exit but in case we are doing a 100% monetization of all the assets, currently it could be platform sale but we'll not be partners in the platform.
- Parikshit Kandpal:** We will be also exiting right in the Macquarie platform or is it like we are returning our share?
- Paresh Mehta:** We would definitely look at the opportunity then. When the prices are freezed, we will definitely look at that opportunity.
- Parikshit Kandpal:** But as of now, it's only about SBI Macquarie this December you are targeting?
- Paresh Mehta:** It had started off as Macquarie sale but technically the way things are moving and the way the investors are interested and they are interested in 100% stake in projects. So it looks like that we'll end up, we may end up being 100% sale.
- Parikshit Kandpal:** Just lastly thing on the traffic, sir has the traffic recovered and what is the level of traffic for the toll collection pre COVID level compared to the pre COVID level, where are we in terms of collection efficiency?
- Paresh Mehta:** If you see Q2 number, Q2 number the revenue is almost on the ACL portfolio is almost 1% up, which typically would give a overall of approximately 2.5%, 3% negative growth, which if you see for October, it has recovered substantially, October looks far better. It is almost 5% to 6% traffic growth is there. So traffic has recovered from September substantially, continues to be robust even in November.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir, my question is related to Tumkur Shivamogga package 3 and 4. So have we done the FC and what has been the rate?
- Paresh Mehta:** So for the package 3 and 4, the FC is in process, we expect this thing to happen in a month's time. The bankers are already in place, they are already at the final sanction level and this should be at a rate of around 9%.
- Jiten Rushi:** And sir, land status here?
- Paresh Mehta:** Land status, TS-3 that is package 3 is substantially well. So there, we can get appointed date as soon as possible when first stage is over maybe first week of December. As far as TS4 is concerned, there is some facility left out just around 80% odd. So some more time, so by February, we should get.
- Jiten Rushi:** So that 80 odd is on 3G state right, in both the cases?

- Satish Parakh:** Yes. Package 3, around 92% is available. So, 3H has been done, so package 3 there is absolutely no problem. Once we do the FC we can start to work, we can get the, appointed date and package 4, it's only 55%. So this may take some time.
- Jiten Rushi:** And sir, in the Power T&D order backlog, sir we can see increase in the order value for projects in Bihar and Uttar Pradesh. So is there any change in the change of scope or something like that, because we don't touch to any new orders?
- Satish Parakh:** Bihar we have received two small orders, around Rs.160 and Rs.65 crores and in UP also we have received one small order.
- Jiten Rushi:** How much of the value sir, Rs.60-65 crores probably?
- Satish Parakh:** Around 80.
- Jiten Rushi:** Okay. And sir, can you give us bookkeeping numbers now on the mobilization advances as on September unbilled revenue and retention money as on September and what is the mobilization advances expected in the coming quarters in H2 probably and the fund base and non-fund base unit, please thank you.
- Paresh Mehta:** Can we take it offline, I don't have those kind of numbers project wise.
- Jiten Rushi:** Not project wise. Total numbers, if you have any mobilization advance outstanding as of September?
- Paresh Mehta:** It is not that kind of a number, it's more of a gross debtors and numbers. So, well you can take it offline.
- Jiten Rushi:** So any fund limit, can you throw some light on the fund limit, non-fund and fund base?
- Paresh Mehta:** Yes, the non-fund based, we have a limit of Rs.4,000 odd crores, and which is almost 70% odd, 75% utilized. So we have still room there, substantial room. And on the fund based, we have hardly utilized since we have a CC limit of Rs.350 crores which is not utilized as of date. We are seeking out some cash on the balance sheet. And then there are equipment loans of around Rs.190 odd crores and supply chain finance of around Rs.40 crore.
- Jiten Rushi:** So you said Rs.350 crores, fund based, right, sir?
- Paresh Mehta:** Yes, fund based, Rs.350 crores.
- Jiten Rushi:** And this, how much it is just 50% you said, right sir?
- Paresh Mehta:** No. On fund based, we have not utilized anything

- Jiten Rushi:** Okay, sir. And sir what is the toll hike in April for the projects?
- Paresh Mehta:** Toll hike is approximately on Sambalpur, Dhankuni and Belgaum Dharwad it is around 3.65% that was from 1st 2020. And in Bhandara and Durg it is around 1.67% from 1st September 2020 and in Jaora-Nayagaon from 1st April 2020.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Satish sir, this question is for you. If you can help us give some sense on the non-road ordering in the pipeline and any other segments beside railways and T&Ds are looking at to enter maybe water or metro?
- Satish Parakh:** So basically, railways is playing up a good opportunity, there are projects being bid out from our RVNL. Then we have participated in any bids, almost three bids are yet to be opened. Power T&D, we are not seeing much of ordering happening now. Last we received like this three projects, UP, Varanasi has received around 87 crores order and Bihar two projects around 85 crores and 75 crores.
- Parikshit Kandpal:** Anything on water?
- Satish Parakh:** Water, definitely we are exploring and we will be bidding and participating in water projects too. But we haven't received everything yet.
- Parikshit Kandpal:** And on metro and building segment, because we do have some on the private.
- Satish Parakh:** Yes, building segment we would be start bidding from the next quarter. We have put up our vertical for building, participating in building.
- Parikshit Kandpal:** So sir what will be the target segment for the building in terms of clientele what kind of pre-qualification we have right now for bidding in that segment so if you can throw some more light on that.
- Satish Parakh:** We have a structure in place where qualification wouldn't be a challenge. And execution wise, like we have restarted with buildings. So if you see first 2.5 decade our career was in building only. So this vertical now, we are trying to put up because there's a lot of opportunity for the large building projects.
- Parikshit Kandpal:** But what will be our 35 PQ as of now for the building segment, single refine products to what content can we?
- Satish Parakh:** There won't be a challenge because we'll be doing joint ventures. And PQ wise, we can bid for almost size up to 1,500 crores.



- Parikshit Kandpal:** And this will be largely government buildings or looking to do some private real estate building also. So what would be the target?
- Satish Parakh:** Our target is government, state government, semi government, central a lot of projects are coming.
- Parikshit Kandpal:** There could be some possible order book additions in this financial year from the building segment?
- Satish Parakh:** Yes. But this Q2 H2 would be like procuring and maybe next year, we'll see some execution in buildings.
- Parikshit Kandpal:** Okay. And water also you're saying you're exploring some opportunities.
- Satish Parakh:** Water, we are exploring if we get something in Q3. We may start even in building if we get in Q3 then Q4 we may see some execution.
- Parikshit Kandpal:** Water what kind of PQs we have in the qualification?
- Satish Parakh:** Water also see, various tenders have various qualifications. Somewhere, we qualify on our own, and many of the places we need JV partners, which we already have in place.
- Parikshit Kandpal:** So what can you bid for like a single project?
- Satish Parakh:** Here also, we are doing 500 crores to 1,000 crores project we are participating.
- Parikshit Kandpal:** Okay, so just on more thing Paresh on the debt, standalone debt for this year how do you see that ending up by March from the current level, because we have hardly have any fund base and working capital utilization, it's largely term loan. So where do you see it ending the financial year?
- Paresh Mehta:** So based on current working, we and H2 which will be a good season of execution. We typically end up probably using our fund based limit to around 60% and other than the project loans also would increase by around approximately 200, 250 odd crores based on rolls and other executions. So we'll have to probably project loans will increase as per the execution, fund base would be in the range of 60%
- Parikshit Kandpal:** So we are looking at about how much like 350 odd crores of debt or like at the year end?
- Paresh Mehta:** Additional debt of approximately 250 crores on the working capital and project based would be approximately as I said around say 300 odd crores, 150 to 300 crores.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.

- Parvez Akhtar:** A couple of questions from my side, for the second half of the year, and we obviously said what are the segments that we are targeting in terms of order intake, but in terms of numbers what kind of orders that we are targeting in the second half of this year?
- Satish Parakh:** Looking at the opportunity in highway sector and other sectors like railways, particularly and also where we are exploring tracking and buildings we feel like we should be easily able to bag another 3,000 to 4,000 crores in EPC segment and maybe one or two HAM projects.
- Parvez Akhtar:** Paresh sir what is the kind of CAPEX that we did in Q2 and what is the full year target?
- Paresh Mehta:** Q2 was approximately 12 crores.
- Parvez Akhtar:** Okay. And for the full year will be?
- Paresh Mehta:** By year end maybe maximum around another 30 crores more, 25 to 30 crores.
- Parvez Akhtar:** Sure. I just wanted to recheck, you said the toll hike in April in the projects was 3.65% and in September was about 1.7%.
- Paresh Mehta:** Yes, 1.67%.
- Parvez Akhtar:** Sure. And lastly, if you could help us with the equity that we infuse in our projects in Q2 and also the year wise breakup of the incremental equity requirement going ahead.
- Paresh Mehta:** So in Q2, we had invested including our CGD project, 30 crores and in Q1 it was around 56 crores. So balance for to be invested in 2021, apart from this 86 crores, which have been invested is around 210 crores, which will be basically on the HAM projects and post that, around 160 crores in 21-22.
- Parvez Akhtar:** So overall, is this the only equity requirement or will we need something in FY23 also as well?
- Paresh Mehta:** So based on these projects, no additional requirement but when new projects come in probably there will be some.
- Parvez Akhtar:** Sure. And lastly, our depreciation expenses have kind of reduced in the last one, two quarters. So any particular reason there?
- Paresh Mehta:** No major additions, as I said, because overall addition for the whole H1 is around 15 crores. So nothing major.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

- Ashish Shah:** Yes. Sir just wanted to check this land status for the two Bihar projects that we have won. What is the status currently and by when we can expect the appointed date to come for these projects?
- Satish Parakh:** So land availability is very good in Bihar like one project has almost 98% of the land available. and the other one is around 91%. And appointed date just got delayed because of elections. So, another week's time we should get appointed it.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Sir, I think somewhere in your remarks you spoke about your interest in waters supply projects. In UP, recently UP state has given out some orders, rural water supply so did we evaluate this opportunity, because this was a very big opportunity or did we participate in?
- Satish Parakh:** Yes, we did participate in this project.
- Prem Khurana:** So, we couldn't manage anything because there it was not about L1 status, even the L2, L3 was supposed to get some orders. So the bids have?
- Satish Parakh:** We did participant, but we could not succeed in getting anything.
- Prem Khurana:** Okay, sure. And in terms of CGD, we don't get to hear much if you could share your thoughts on the CGD business as Ratnagiri operation, how about Davangere and Latur Osmanabad and where are we in terms of its reinvestment or have we started working on the ground or not and even in case of Ratnagiri, it has been going a little slower than our earlier expectation. So if you could share your thoughts on the CGD vertical, please?
- Satish Parakh:** On the CGD, Ratnagiri though it started off a bit slow because for the first two years, but then just picked up substantially and we are more than 30, 40 stations already at Ratnagiri for transport. In Latur also, we have started commercial operations. And Devangiri there we are just about to start by December. So CAPEX, we have almost done to the tune of around 130 odd crores already out of the 800 crores and it is vis-à-vis end of MWP we're okay. There is extensions received from MWP due to the COVID activity. So there is no delay in fact, compared to others peer player that also we are substantially ahead of those who are awarded the project spend at the same time. So things are going fine.
- Prem Khurana:** And how much equity have we already included in this?
- Satish Parakh:** As I said, 130 crores.
- Prem Khurana:** 130 crores is already invested between the two partners put together right, not yourself?
- Satish Parakh:** Yes.



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Moderator: Thank you. The next question is from the line of Manoj Kumar from DAM Capital. Please go ahead

Manoj Kumar: Sir, just wanted to understand the opportunities from the state government on the road sector. In the next six months, what are we looking at and in the FY22 what could be the major basket price for us in that. What are the state governments that likely to come up with new orders?

Satish Parakh: Yes. See, state government UP is coming up with another expressway project, which is Ganga Expressway. So land acquisition is in advanced stage in that. So we are expecting that Greenfield Expressway to come soon, which is around 35,000, 36,000 crores. Tamil Nadu has come up with peripheral road which is to the tune of 2,500 crore and we are qualified in the 7 bids, which have being short listed. And there would be opportunities in other states, but they're yet to be announced.

Moderator: Thank you. Ladies and gentlemen, that seems to be the last question for today. I would now like to hand the conference back to the management for their closing comments. Over to you all.

Paresh Mehta: Thanks to all the participants for joining this call and we would be happy to take any further questions. We are available on the contact, which are already given on our presentation or you can also connect with through Stellar Investor Relations. Thanks a lot, and Happy Diwali and a safe Diwali to everybody.

Satish Parakh: Thank you, everybody and Happy Diwali.

Moderator: Thank you. On behalf of JM Financial that concludes this conference. Thank you all for joining. You may now disconnect your lines.