



# “Ashoka Buildcon Limited 4Q Financial Year 2014 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Ashoka Buildcon Limited Q4 and FY 2014 Earnings Conference Call, hosted by Ambit Capital Private Limited. As a reminder, all participants' lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Achint Bhagat from Ambit Capital. Thank you and over to you Mr. Bhagat!

**Achint Bhagat:** Good morning everyone and welcome to the 4Q FY14 Earnings Call of Ashoka Buildcon. We have with us shortly the management of Ashoka Buildcon led by Mr. Satish Parakh, Managing Director and Mr. Paresh Mehta, CFO. Now I request Mr. Satish Parakh to take us through the key highlights of the quarter following which we will open up the floor for questions. Over to you Sir!

**Satish Parakh:** Thank you, Achint. Good morning friends. I welcome you all for the discussion on our FY 2014 earnings. Along with me, I have Mr. Paresh Mehta, our CFO and SGA our Investor Relations Advisor. Let me begin by giving an update on development at the NHAI. Hoping that we have stable government, decision-making of this will be faster and we will see more projects coming up than targeted. Now let me give the key developments of the company during the last quarter.

On the dividend front, the board has recommended a final dividend of 80 paise per share which is 16% on a face value of Rs5 per share. With this total dividend for the financial year is Rs1.5 per share which is 30% on face value of Rs5 per share.

Private equity raised from SBI Macquarie, as you are aware, during financial year 2012-2013, Ashoka Constructions Limited, a subsidiary of Ashoka Buildcon, has achieved a private equity transaction closure of Rs800 Crores. We have received another tranche of Rs133 Crores from SBI Macquarie in April 2014. With this first tranche of the investment, SBI Macquarie has invested about Rs623 Crores till date, which is being utilised for equity investment into various under-construction projects.

The balance amount will be received in installments as per the equity requirements of the projects under construction in the current financial year. During FY 2014 we won projects of around 2,300 Crores in highway segment and 1,140 Crores in power T&D segment respectively. The key projects we won are Chennai ORR project, KSHIP WAP-2 project, toll collection contract at Kognoli Toll Plaza and various orders for Power T&D. We are currently working on financial closure for KSHIP and all other projects are financially closed.

The estimated project cost of KSHIP is 450 Crores. The project is on an annuity basis with the concession period of 10 years with a grant of 136 Crores and a semi-annuity of 39 Crores. The updated on Chennai ORR, the company has achieved financial closure of Rs1,080 Crores of Chennai ORR project during Q4 FY2014. For this, the company had signed the concession agreement in September 2013.

In the power T&D segment we have averaged about 1,150 Crores, which comprises orders from TANGEDCO of Rs586 Crores, MSEDCL of Rs495 Crores and some orders of around Rs47 Crores from Chhattisgarh. Our current order book position stands at approximately Rs3,550 Crores. 67% of the total order book is on the highway sector and remaining 33% of the order book consists of power T&D.

Let me update you on the projects under construction. All projects under construction are progressing almost as per schedule. The company is completing over 56% of EPC works in the Dhankuni-Kharagpur project, 79% in the Sambalpur-Baragarh project and we have started construction on the Chennai ORR project and have completed around 12% of construction. The construction work is completed in Pimpalgaon-Nashik-Gonde and we are expecting the revised to our revenues to start very soon. The Belgaum project is fully complete and we have commissioned the project in March 2014.

I would now request Mr. Paresh Mehta to present the results for Q4 and full-year 2014.

**Paresh Mehta:**

Thank you, Sir. Good morning friends. I believe you must have had an opportunity to have with you on the results presentation, which has already been circulated and also uploaded on our website. The quarterly results I would go through the same.

Our consolidated total income for the fourth quarter is Rs619 Crores which is marginally lower from Rs665 Crores in quarter four FY 2013. Out of the total consolidated revenue, construction revenue is Rs533 Crores, including other income, compared to Rs550 Crores in the corresponding previous quarter. The toll revenue is Rs86 Crores in Q4 FY 2014 as compared to Rs69 Crores in corresponding Q4 FY 2013.

Our EBITDA for Q4 FY14 is Rs139 Crores compared to Rs113 Crores in Q4 FY 2013. Interest cost for Q4 FY 2014 was Rs39 Crores compared to Rs33 Crores in Q4 FY 2013.

Profit before tax is Rs33 Crores and profit after tax is Rs9 Crores in Q4 FY 2014. Post minority interest and share of profits of associates after tax in Q4 FY 2014 is Rs14 Crores.

As you are aware we have collecting toll on all the projects in the portfolio except for Sambalpur, project and recently the Chennai ORR and KSHIP projects were annuity which starts post construction.

Further during Q4 of FY 2014, the BOT division recorded a total toll collection of Rs198 Crores of which Rs85 Crores is recognised as toll revenue within EBITDA margin of 51%, Rs62 Crores is adjusted against completed WIP in Belgaum and Dhankuni projects and Rs59 Crores of toll revenues from associates which are not including in the toll revenue income.

On the Nagar Karmala project the PWD Maharashtra we did notification dated November 14, 2012, directing the company to stop the toll collection in the said project. The company had challenged this matter in the court and the matter is under arbitration. The balance written down

value of Rs15.7 Crores is impaired and accordingly written off in the current year. So we have totally written off that asset in the books in this year. So the value carried the books is nil.

Now on the financial year 2014 our total consolidated income is Rs1,819 Crores which is marginally lower from Rs1,832 Crores in FY2013 out of this total consolidated revenue construction revenue is Rs1,525 Crores including other income compared to Rs1,585 Crores in the corresponding previous year. Toll revenues for the full-year 2014 are at Rs293 Crores as compared to Rs289 Crores in the corresponding previous year.

EBITDA for FY 2014 is Rs419 Crores compared to Rs393 Crores for FY 2013. Interest cost for the full year is Rs134 Crores compared to Rs139 Crores in FY 2013. Profit before tax is Rs131 Crores and profit after tax is Rs62 Crores in FY 2014. Post minority interest and share of associate's profits after tax FY 2014 is Rs97 Crores compared to Rs84 Crores in FY 2013.

On the toll collections of the BOT projects, total toll collections were Rs743 Crores, of which Rs293 Crores is the recognised toll revenue that is 16% of the toll rate with an EBITDA margin of 65%, and Rs256 Crores is adjusted against capital WIP in the year in the projects in Belgaum and Dhankuni projects and Rs194 Crores pertain to toll revenues from associates.

Now going to the balance sheet side, our consolidated net worth including minority interest is Rs1,712 Crores and consolidated gross debt is Rs3,047 Crores cash and bank balance is including current investments are Rs184 Crores as of March 2014.

On a standalone basis the gross debt is Rs195 Crores which comprises Rs46 Crores of equipment loans, Rs40 Crores of project loans that is toll-based project and Rs135 Crores of working capital loans. The total equity requirement for all the projects in hand and under construction is approximately Rs175 Crores as of March 31, 2014, which will be funded by the company's internal accruals, money drawn from SBI Macquarie and our joint venture partner.

We have bagged EPC orders of Rs2,290 Crores in the current financial year; this includes road projects in Chennai and Maharashtra and Chhattisgarh.

With this we open the floor for question and answers. Thank you.

**Moderator:** Thank you very much, Sir. Ladies and gentlemen we will now begin the question and answer session. First question is from the line of Nitin Arora from Emkay Global. Please go ahead.

**Nitin Arora:** Thanks for taking my question. Sir I just wanted to get a sense on the Pimpalgaon-Nashik-Gonde project about the tariff hike. Have we got that now and how the traffic really panned out in this quarter?

**Satish Parakh:** Pimpalgaon-Nashik-Gonde we have received the COD letter.

**Nitin Arora:** Sir what is the toll collection there you are seeing at PNG?

- Paresh Mehta:** At PNG the total collection is Rs10 Crores in this quarter four and which based on the tariff hike will have a substantial increment.
- Nitin Arora:** So sir this Rs10 Crores will roughly become I think Rs25-30 Crores?
- Paresh Mehta:** More than Rs30 Crores.
- Nitin Arora:** Sir another question related to your BOT margins, there is a trend that keeps on coming down and Q4 compared to last year also it has come down and so any significant O&M activity done in any of the projects or any sense you can tell us on that?
- Paresh Mehta:** As far as O&M is concerned in all our projects we are providing O&M based on traffic amortisation method that is based on the traffic revenue, for the next five years the O&M would charge up to the P&L account. So because of the low traffic in the last two years the O&M charge is higher typically and also because of the low traffic and administrative cost remaining same, the EBITDA would tend to slightly go down because of that reason. So O&M expenses provision as well as topline going down or being flat the EBITDA margins are slightly going down but I think so they will adjust themselves once the traffic growth in the right direction.
- Nitin Arora:** Did we get the tariff hike in Pune-Shirur because the revenue growth looks at 27% on Pune-Shirur and so I think we were waiting for that tariff hike; so we have got it?
- Paresh Mehta:** No not yet, Pune-Shirur we have still not got the tariff hike we take, but not yet.
- Nitin Arora:** Sir this revenue growth of I think about 27% has come purely on the traffic side?
- Paresh Mehta:** Yes purely on the traffic side that is true.
- Nitin Arora:** Sir just few things. Basically if I look at Pimpalgaon-Nashik-Gonde the traffic has been lower and normally the traffic has been lower in the last one or two years. Is there any number you can share that if any sub debt has been given to my project to just offset those cash losses any of that amount has gone in this year to any of the SPV?
- Paresh Mehta:** Yes, there are projects where there is revenue shortfall and there is funding happening like including people of Pimpalgaon-Nashik-Gonde. So that situation is there.
- Nitin Arora:** But sir that amount normally gets on the standalone level of is it some amount that has already been lying at the SPV levels?
- Paresh Mehta:** There is no amount lying at the SPV level in case of Pimpalgaon-Nashik-Gonde. Pimpalgaon-Nashik-Gonde is funded basically from the debt and the equity which was initially decided post that because of the revenue shortfall the funding is happening at the SPV level from the shareholders of the SPV that is Ashoka Concessions Limited as well as L&T IDPL.

- Nitin Arora:** Sir apart from PNG we have not seen any major amount go into funding the sub debt part in any of the projects apart from PNG of this?
- Paresh Mehta:** No this is up to last year there was some funding happening at Bandara and Durg which from this year will not be very significant.
- Nitin Arora:** Sir of this Rs170 Crores equity requirement this is on our part?
- Paresh Mehta:** This is Rs171 Crores is requirement of all the three projects which are yet to be funded that is Dhankuni of around Rs75 Crores, Chennai ORR around Rs45 Crores and Karnataka project is around Rs55 Crores. So our portion in these would be approximately Rs85 Crores and Macquarie would be Rs63 Crores and our partners GVR who is the partner in KSHIP will be Rs27 Crores. So this is the total breakup. So Ashoka Buildcon total equity requirement will be only Rs85 Crores.
- Nitin Arora:** Rs85 Crores.
- Paresh Mehta:** Yes.
- Nitin Arora:** Sir the Rs85 Crores is majorly is going into Chennai and the KSHIP project and Dhankuni?
- Paresh Mehta:** These are the three projects which are typically requiring project equity.
- Nitin Arora:** Just last question on this, loans and advances on the standalone balance sheet has come down and so can you tell us why?
- Paresh Mehta:** Actually last quarter there was a query from the investors themselves that the loans have gone up see this was our temporary phase in December 2013 where our CC requirement appeared to be very high because there was a cash balance lying at SPV level which immediately got transferred of the first week of January 2014. So these are the general levels of the present March 2013 numbers are typically the general levels of working capital requirement which we maintain and so vis-à-vis December 2013 it appears to have gone down but these are the general levels.
- Nitin Arora:** Sir just last question from my side. I just want to get a sense from December onwards till date any changes you have seen on the traffic side on the ground level, few comments on that?
- Paresh Mehta:** See on the ground level as far as January-February we are concerned the revenues have been good, March is okay and April is generally the trend is very slow. So we believe the present trend is in line with the trends of the yearly pattern, seasonal pattern and so we will have to typically see another six months how to see whether we will be matching the traffic growth of average 5%.
- Nitin Arora:** I will come back in the queue, sir. Thank you so much for this.

- Moderator:** Thank you. We have the next question from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Good morning Sir. Sir on your KSHIP project you have said that the final project cost is likely to be Rs450 Crores and this seems to be a little high and in this backdrop what is the IRR you think you will make in this project?
- Paresh Mehta:** See this Rs450 Crores is inclusive of funding and so if you take out that much portion of approximately Rs30 Crores we have around Rs220 Crores of project funding, this is one part. Second part is on the IRR based on this project cost and debt of approximately Rs287 Crores we expect to make an IRR of around 17%, being an annuity project we do not see any variant happening much on the IRR based on the present debt as well as the expected cost of finance which we are almost on the verge of closing.
- Ashish Shah:** Right so Rs287 Crores will be the debt and equity will be how much?
- Paresh Mehta:** Rs55 Crores and Rs137 Crores of grant.
- Ashish Shah:** So when is the completion, when do we start construction and by when do we expect COD?
- Paresh Mehta:** July is the time when we will achieve FC. I mean that is the FC date scheduled date and 24 months from then.
- Ashish Shah:** Sir on the other projects like Sambalpur when do you expect partial tolling to commence?
- Paresh Mehta:** On the Sambalpur we expect in quarter one we will start partial toll collection by June 1 around or by June 15 and in the next quarter we will achieve 100% commission.
- Ashish Shah:** Okay so Q2 we will coming full toll in this. And what could be the revenues on partial tolling basis for Sambalpur?
- Paresh Mehta:** Not really justified I think so we have given a number of around say Rs20-21 lakhs per day but it is yet to see when actually the tolls open.
- Ashish Shah:** But Rs20-21 partial have got I mean as of now your estimate?
- Paresh Mehta:** That will be full.
- Ashish Shah:** Also what is the expected COD on Chennai ORR now that you have started construction?
- Paresh Mehta:** We expect to complete in two years. There we have 30 months time. We are targeted to complete about six months period as per schedule. We are benefited by one more bonus annuity.
- Ashish Shah:** Sir the other income even at the consolidated level seems to be little higher on Rs10 Crores odd. Is there anything one-time which has been included there?

- Paresh Mehta:** There is one which is not a normal interest earning and the interest from the outstanding Jaora-Nayagaon. We have got Rs4 Crores of interest income which was booking in March 31. It was not approved in the first three quarters. It was accounted in March 31. That is our major one-off item. Otherwise there are routine items which are either appearing on the income side but compensated with other interest income below the line, below EBITDA.
- Ashish Shah:** On the depreciation side again like last year has there been any sort of revision in traffic estimates because the depreciation is higher?
- Paresh Mehta:** Yes that is true. The policy is that we revisit revenues as of March 31 every year and so we do not do that every quarter, so either March 31 reviewed by our revenues or in view of the flat traffic growth the depreciation hit is almost higher by Rs14-15 Crores for this year more than what is normal.
- Ashish Shah:** Which has entirely been accounted in Q4?
- Paresh Mehta:** Yes, so we believe that instead of postponing those depreciations based on revenue we adjust revenues also for the future so that an equated depreciation charge is created in the year when the traffic flows.
- Ashish Shah:** Sir last question from my side on the construction and contract cost in Q4, the consolidated cost is about Rs450 Crores whereas in standalone the same expense item is Rs454. So typically we see that the consolidated construction cost will be Rs7-8 Crores higher than the standalone implying O&M for the SPVs but this time it is lower; so any reversal of cost anything like that?
- Paresh Mehta:** No reversal of cost basically it is revisit of the cost of projects which we do of year end every year end where the cost are reviewed and in view of the lower than expected actual escalations, being lower than what we had expected, the cost has been revised and we have got slightly a benefit on the margins on EPC.
- Ashish Shah:** But sir I would have thought that would have been seen in the standalone entity but why should the consol cost be lower than the standalone cost?
- Paresh Mehta:** See it is more of a mix also and so based on various other factors like the mix of power and road but as you say this no typical reversal in the O&M cost and other things in the CFS and so it is more of pre or post close matter it is some classification I will have to look at it.
- Ashish Shah:** Thank you very much.
- Moderator:** Thank you. Next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Good morning Sir. Sir couple of questions, one is for the Chennai ORR project the debt would be Rs1,080 Crores and then the equity will be Rs197 odd Crores. The other thing is when did we start construction because I believe we have already completed 12%?



- Paresh Mehta:** We signed the concession agreement in September and we were working on the other aspects of the project not actually on the project already and we got our FC done in March, first week of March, and so then we started work on the site also. So mobilisation and site the total expenditure incurred now is almost 12%.
- Parvez Akhtar:** Sir and I believe you would have got the tariff hike on the Belgaum and the Dhankuni project from April 1?
- Paresh Mehta:** Yes correct.
- Parvez Akhtar:** What would be the quantum of that if you could share that?
- Paresh Mehta:** Belgaum would be around 7% and Dhankuni was around 22% that was because of the bridge also.
- Parvez Akhtar:** Sir in our order book we see that in the road segment itself there is the others portion of 687 Crores and so what does this pertain to?
- Paresh Mehta:** Rs687 basically almost Rs300 Crores pertains to the two projects which small EPC projects which we got from NHAI and certain BOT maintenance contracts, O&M contracts with Bandara, Durg and other SPVs.
- Parvez Akhtar:** On the standalone front I believe you kind of answered this question but on the standalone finances there is Rs21 Crores other income this quarter. So it is only because of that Jaora-Nayagaon Rs4 Crores other income or there is some other one half also this time?
- Paresh Mehta:** This is major on the standalone. This is major and then there is dividend income accruing from SPVs on the standalone. But in the standalone almost Rs10 Crores of dividend income flowing from our associates Viva highways and Ashoka-DSC Katni two projects.
- Parvez Akhtar:** Sir lastly if you look at the toll collection figures for this particular quarter especially for projects like Bandara and Belgaum-Dharwad and Durg. I think after many quarters we are probably seeing that after adjusting for the toll hike you may be seeing at least a 1-2% traffic growth? So I just wanted to get your sense on that do you think that traffic growth has bottomed out and we are now in the positive territory and whether this will be maintained going forward and what is your experience looking at let's say the first 45 days for this particular quarter?
- Satish Parakh:** No this has been made a drastic improvement but going the way how the economics pans out but that is bottomed out that is what we feel.
- Parvez Akhtar:** Thanks that is it from my side.
- Moderator:** Thank you. Next question is from the line of Vibhor Singhal from Phillip Capital India Private Limited. Please go ahead.

- Vibhor Singhal:** Good morning Sir. Sir my question is pertaining to the new pipeline and how we see the growth coming up for basically if the new projects that would be awarded by NHAI, so as I understand that probably whenever the order award activity picks up from NHAI they would be a mix of BOT and EPC contract this time unlike the earlier years. So would we be interested in just the BOT projects or we would also be taking some external EPC contracts as well?
- Satish Parakh:** No we will be focused on both EPC as well as BOT.
- Vibhor Singhal:** Fair enough and Sir as per the annual qualification process of the NHAI what is the maximum project cost that we are entitled to bid for?
- Satish Parakh:** Ashoka Construction will be entitled with Rs3,100 Crores.
- Vibhor Singhal:** So this would be basically inclusive of SBI Macquarie's balance sheet as well right based on both the balance sheets put together?
- Satish Parakh:** It is based on the Ashoka Construction's balance sheet.
- Vibhor Singhal:** Fair enough. How do you see the order activities, it is may be more of a subjective question how do you see the order award activity in this year do we see some pick up or are we seeing any signs or do you expect something to pickup post the election results and something like that?
- Satish Parakh:** We hope there will be a stable government in this election, definitely it would be the criteria, developments would give the priority for the next government and that would be trigger good orders in the coming 2-3 years.
- Vibhor Singhal:** I do not think I have any more questions. If I have I will get back in the queue. Thanks a lot.
- Moderator:** Thank you. Next question is from the line of Navin Jain from JM Financial. Please go ahead.
- Navin Jain:** Thank you Sir for taking my question. I have few questions first on Chennai ORR so what is the appointed date for this project?
- Satish Parakh:** March 7.
- Navin Jain:** Sir and I think just wanted to confirm was this project as well as KSHIP will these be under Ashoka Construction or Ashoka Buildcon directly?
- Satish Parakh:** Chennai ORR will be under Ashoka Constructions Limited and the KSHIP will be under Ashoka Buildcon its own project.
- Navin Jain:** So will stay directly with ABL?
- Satish Parakh:** Yes.

- Navin Jain:** So another thing is again I am coming back to the traffic growth question. In this quarter it seems a lot of the smaller projects have done very well in terms of traffic growth, in Pune-Shirur you mentioned that 27% growth is purely there on the basis of traffic improvement so what really is driving it, is it purely seasonal factor or you see some sort of growth picking up on the traffic side?
- Paresh Mehta:** It is more on account of seasonal factor basically nothing very great. January-February has been good basically we believe because the monsoons got delayed and so the whole revenue staked up in the last quarter for a weather movement. So that is what more appearing on these smaller projects which we see a bit of hype.
- Navin Jain:** Sir also something called we classify a lot of projects related to other BOT projects when we give our toll collection details and that seem to a particularly moved up quite a bit from third quarter which was Rs6.3 Crores to about Rs10.6 Crores this quarter. So is there some amount of that toll collection contract value included in this?
- Paresh Mehta:** Yes that is included in this that is your answer Kognoli project the revenues of Rs5 Crores have been included here.
- Navin Jain:** Revenues of Rs5 Crores have been included here.
- Paresh Mehta:** Yes.
- Navin Jain:** Again that what sort of cost will be there?
- Paresh Mehta:** It will be almost 85-90%.
- Navin Jain:** Will be the EBITDA?
- Paresh Mehta:** Here in this case the EBITDA would be around 15%.
- Navin Jain:** So why EBITDA will be only 15%...?
- Paresh Mehta:** Because it is a toll collection contract basically I am collecting and I am paying it to the government and it is only a one-year contract and so that is the reason that the amount paid to NHAI as our commitment to NHAI on the toll contract is an expenditure against the toll collection made by us.
- Navin Jain:** Essentially where we would have won this one year contract would be, we would have quoted that we want just 10% commission of whatever toll collection will be?
- Paresh Mehta:** What we have quoted is what we paid to the government for one year so suppose we have assured that we will pay Rs24 Crores to the government and then we estimate then okay we will

get approximately Rs27 Crores in the project in-turn making around 10-15% of EBITDA or even net profit.

**Navin Jain:** In this first quarter we have ended up getting only Rs5 Crores, ideally our runrate just to cover around cost would have been around 6 Crores right?

**Paresh Mehta:** I did not follow it.

**Navin Jain:** I mean you said that the toll collection pertaining to that contract in this quarter was Rs5 Crores and if you are paying Rs24 Crores for the full year that means per quarter it would have been you told...?

**Paresh Mehta:** It is not quarter see this was started in February month and so only two months of revenue is captured here.

**Navin Jain:** Sir on your EPC margin in this quarter again seem to be pretty high and so last quarter I remember you had some land sale income included standalone EBITDA. So is it there in this quarter also some portion of that?

**Paresh Mehta:** No, not in this quarter this quarter typically is a result of one is the abnormal income which we have accounted of Rs4 Crores of interest earned from our associate Jaora-Nayagaon which was accounted as of March 31, and secondary also a reassessment of the EPC cost wherein the estimated escalation had actually not happened and so the cost was revised downwards so margins were recognised slightly higher.

**Navin Jain:** Okay so even adjusting for other income, the margin seems to be pretty good?

**Paresh Mehta:** 15% odd which probably we will try to maintain. That is inclusive of other income. So if we exclude the other income, this EBITDA margin would typically remain around 13% around and also another reason being the mix power and road is different vis-à-vis last year and power sort of lower EBITDA margin vis-à-vis road project. There is another reason why the EBITDA margin here looks higher slightly vis-à-vis last year.

**Navin Jain:** This land sale anything that can happen in FY 2015?

**Paresh Mehta:** Yes we will target. I mean this is something as and when we required some liquidity we will definitely fund raise that. We will look for opportunities.

**Navin Jain:** So what is the potential of this miniaturisation is it anything substantial?

**Paresh Mehta:** This could be in the range of approximately Rs40-50 Crores of this kind of TDR sales.

**Navin Jain:** So that can potentially happen let us say in next one year?

**Paresh Mehta:** It could happen depending on opportunities in the right price striking.

- Navin Jain:** Sir and one small question on your Belgaum project so it started from March how much depreciation pertaining to this project would have come in the P&L account for the March quarter?
- Paresh Mehta:** I believe I am not very sure I think it is around Rs2 Crores maybe I come back too later. I do not have the breakup and so our total contribution of loss is Rs2 Crores.
- Navin Jain:** Thanks a lot for your answers. Thank you.
- Moderator:** Thank you. Next question is a follow up from the line of Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Thank you Sir. On KSHIP what is the appointed date?
- Paresh Mehta:** We had not received. That will be done on the financial closure it should be around July.
- Ashish Shah:** Also sir on the NHAI project so what is the project size that we are looking at in terms of bidding? There have been a couple of projects which have been awarded in the last month or so and we had not bid for these projects. So what is the reason for that and what is exactly that we look forward in future?
- Satish Parakh:** There is no constraint for the company for bidding. We have very much selective in our approach and whatever we have had done the studies other projects were we bid basically.
- Ashish Shah:** Right but what is the pipeline like currently in terms of projects which are at RFP stage and which could be awarded in the next year?
- Satish Parakh:** Rs20,000 Cores of project where are already qualified for bidding we are waiting those projects to come up for the bidding.
- Ashish Shah:** Fine sir. Thank you very much.
- Moderator:** Thank you. Next question is from the line of Priyakant Dave from Axis Securities. Please go ahead.
- Priyakant Dave:** I just wanted to know which are the projects that have seen the tariff hike during this quarter?
- Paresh Mehta:** Pardon.
- Priyakant Dave:** Which are the projects have seen tariff hike during this quarter?
- Paresh Mehta:** Belgaum-Dharwad, Dhankuni project, Bandara, Jaora-Nayagaon, Indore-Edlabad, Wainganga project.
- Priyakant Dave:** So what could be the average hike?

- Paresh Mehta:** Most of the projects are at 7% around and Dhankuni is around 32%. Pimpalgaon-Nashik-Gonde we still have to see the hike which we will have by in this month.
- Priyakant Dave:** And what could be the range?
- Paresh Mehta:** This could be in the range of around 32-33% we will have look at soon as it comes out.
- Priyakant Dave:** Okay not an issue. Sir also wanted to know that what is the issue in the Dewas Bypass and the Katni road project because have been saying that the toll collection have been declining in each quarter particularly in these two projects?
- Satish Parakh:** See Dewas has been maintained by NHAI after the project was left by GVK The entire length has not come for rebidding. So the major ones are in these two are really pathetic and therefore the traffic has moved to others. We know this will be awarded very soon and we will go to normal traffic within 5-6 months. They all change above to issue on maintenance contracts.
- Priyakant Dave:** So you are saying that within six months we will back to the normal runrate?
- Satish Parakh:** Because NHAI is giving separate maintenance contracts for these. It is taking time for them to bid either BOT, NET or EPC so they are taking out maintenance contract in NH-VII and NH-III.
- Priyakant Dave:** Is it only related to maintenance from that issue?
- Satish Parakh:** These completely include maintained for the last one and a half to two years which they were expecting for the BOT operators to maintain. So they are charging us budget for that.
- Priyakant Dave:** Incase over Dewas Bypass in six-month timeframe we can get back to what runrate?
- Paresh Mehta:** This could be almost into the tune of around Rs6 Crores per quarter.
- Priyakant Dave:** Okay and incase of Katni road project?
- Paresh Mehta:** We could go back to around Rs5 Crores per quarter.
- Priyakant Dave:** Thanks.
- Paresh Mehta:** I just wanted to clarify one question is by the earlier query the depreciation on Belgaum-Dharwad which was accounted in this year for the two months that was around Rs2.56 Crores.
- Moderator:** Thank you. Next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.
- Rakesh Vyas:** Sir this Dhankuni you said tariff hike is 32% but I thought that was the last year itself.
- Paresh Mehta:** Correct.

- Rakesh Vyas:** So this year from April 1, we have not seen any hike is it?
- Paresh Mehta:** No first of April is standard 7%. I think that was an error from my side, 7% for Dhankuni.
- Rakesh Vyas:** On an average we have seen 7% tariff hike across most stretches?
- Paresh Mehta:** Right.
- Rakesh Vyas:** Secondly sir can you highlight what is the status on this premium restructuring proposal that we had actually put up?
- Satish Parakh:** See with what we had as the premier restructuring we are waiting for the first phase of projects to be declared by the NHAI as this is only a one-time opportunity a company can apply and so we are waiting for the 14 projects.
- Rakesh Vyas:** So government has not started the process?
- Satish Parakh:** I think the executive committee has met, like they still have to decide on the modality.
- Rakesh Vyas:** This Cuttack-Angul...so is it finally terminated what is the status now?
- Satish Parakh:** It has been terminated from our side. We have gone to the court against the dispute, and in July we may get the formal result.
- Rakesh Vyas:** Because what we are hearing is most of the projects are otherwise being terminated cordially between NHAI and developers and so I was just wondering that...?
- Satish Parakh:** Yes, some of the projects have taken that route. Cordially they have been settled. Some people have forgone the bid security and some have been mutually agreed that we will cross to either party. So we have been investing in NHAI for the similar approach but we are still not reached the conclusion.
- Rakesh Vyas:** Sir when do you expect these projects that are getting terminated to come for rebid again and whether we would be interested in the other projects that we have earlier not bid if you can highlight just to what the thought process would be for next year in terms of bidding?
- Satish Parakh:** It should come in 6-9 months from now. What has been already terminated and immediately come for bidding and then it will be interested in projects where we have our own study state.
- Rakesh Vyas:** I just wanted to understand are we doing other studies as well given the time that we have for other projects where we were initially not interested?
- Satish Parakh:** We are only interested in other projects. When we have projects very much in advance and we have studied more than one year with us before bidding.

- Rakesh Vyas:** Okay got it. Thank you so much and best of luck.
- Moderator:** Thank you. Next question is from the line of Pawan Parakh from Dolat Capital. Please go ahead.
- Pawan Parakh:** I am repeating this question I was not there in the earlier part of the conversation if you could just breakdown FY 2014 toll revenues between volume growth or decline in tariff hike on a like-to-like basis?
- Paresh Mehta:** We have already circulated the toll revenue details on the website, but for the information on the toll rate hike which I would just like to clarify we have had almost a 7% toll rate hike on projects typically Belgaum, Dhankuni projects and Jaora project from April 1, and in Bandara, Durg of 7% in September 2013 which is early time on the September annually and on Wainganga in July 30, July 14, also the rate division will happen.
- Pawan Parakh:** We need to back calculate then. Thanks that is all from my side.
- Moderator:** Thank you. Next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Sir just one question. Is the Dhule Bypass project still in operation or has the concession got expired, just wanted to know about it?
- Satish Parakh:** This is in operation.
- Parvez Akhtar:** So when is the concession expiring for this, because I believe it is supposed to happen I think by April 2013 itself?
- Satish Parakh:** We have been getting extensions. The government is typically giving an every three months extension.
- Parvez Akhtar:** Thank you.
- Moderator:** Thank you. Next question is from the line of Navin Jain from JM Financial. Please go ahead.
- Navin Jain:** Thanks Sir for taking follow up question from me. I just wanted to get a clear picture on the equity commitments is less from the company side first of all in Sambalpur project or are fully invested in terms of our equity?
- Satish Parakh:** Yes.
- Navin Jain:** So only place where equity left is one Dhankuni, Chennai ORR and the KSHIP project right?
- Satish Parakh:** Correct.
- Navin Jain:** So Dhankuni how much is there Sir?



- Paresh Mehta:** Around Rs75 Crores.
- Navin Jain:** This is like proportionate to our...?
- Paresh Mehta:** No, this is the total amount to be invested which would be invested in the ratio of approximately 45:55 by Macquarie and Ashoka Buildcon.
- Navin Jain:** So Macquarie will invest 55% in this.
- Paresh Mehta:** 45%, we will invest 55%.
- Navin Jain:** Chennai ORR obviously?
- Paresh Mehta:** It is Rs45 Crores which we have to invest which will be again in this ratio of 66:34 along with Macquarie.
- Navin Jain:** How about KSHIP?
- Paresh Mehta:** KSHIP for the project nothing has been invested and so total investment would be around Rs55 Crores of which 49% will be done by GVR and 51% will be done by us.
- Navin Jain:** Sir this Chennai whatever commitment that SBI Macquarie have to bring in that will be over and above Rs750 odd Crores right?
- Paresh Mehta:** Yes that will be over Rs800 Crores which they have committed so based on this whatever they have spent and Rs100 Crores they had committed, Rs700 Crores for the project and Rs100 Crores for other overall trend. So from that portion they save they would probably invest to the Chennai ORR project.
- Navin Jain:** So not over and above the Rs800 Crores?
- Paresh Mehta:** Probably it will not be required over and above unless the new project comes which of bigger size.
- Navin Jain:** That is it. Thank you.
- Moderator:** Thank you. Next question is from the line of Nitin Arora from Emkay Global Financial Services. Please go ahead.
- Nitin Arora:** Sir my questions have been answered. Thank you.
- Moderator:** Thank you. Next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

- Rakesh Vyas:** Sir just wanted to have some clarity on the IRR that you talked about in KSHIP 17%, the loan primarily is almost 10-year loan with a floating interest rate right and so the 17% is based on the current interest rate scenario is that a correct understanding?
- Paresh Mehta:** At current rate.
- Rakesh Vyas:** At the current rate and loan primarily for most of our projects are floating in nature?
- Paresh Mehta:** Yes floating in nature and they are nine-year loans with a nine-year loan vis-à-vis the ten-year concession.
- Rakesh Vyas:** Sure and similarly Chennai ORR will also have similar mechanism?
- Paresh Mehta:** Yes Chennai ORR would be also similar method to our 30-year loan.
- Rakesh Vyas:** Great.
- Paresh Mehta:** 17-year loan.
- Rakesh Vyas:** 17-year loan and this IRR is based on current interest rate. Great, thank you so much sir.
- Moderator:** Thank you. As there are no further questions from the participants, I would like to hand over the call to the management for their closing remarks. Over to you sir!
- Paresh Mehta:** We thank you all for participating in this quarterly earning. Our presentations are available on our site and any queries we will be free to respond to. Thank you everybody.
- Achint Bhagat:** Thank you.
- Moderator:** Thank you sir. Thank you all. On behalf of Ambit Capital Private Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.