



**“Ashoka Buildcon Limited Q4 FY15 Results
Conference Call”**

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Moderator: Ladies and gentlemen good day and welcome to the Ashoka Buildcon Limited Q4 FY15 Results Conference Call hosted by Ambit Capital. As a reminder all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and 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 afternoon ladies and gentlemen welcome to the fourth quarter FY15 results conference call of Ashoka Buildcon. We have with us here today the management of Ashoka Buildcon represented by Mr. Satish Parakh the MD and Mr. Paresh Mehta the CFO. May I now request the management to give us brief comments from the quarter and then we can open up the floor for questions. Over to you sir.

Satish Parakh: Thank you Achint. Good afternoon friends. Thank you all for joining the call I have with me Mr. Paresh Mehta our CFO and Stella Investor Relations IR advisors. We would like to take this opportunity to thank investors for their interest and overwhelming response to our Rs.500 crores QIP. You all are aware that our current portfolio is fully funded and the entire equity proceeds will be used as growth capital for new projects. The prospect for growth has brightened with strong pipeline of roads projects from NHAI and States along with improving economic environment. We have witnessed strong activities at NHAI in last few months. NHAIs commence the bidding process and projects have been awarded on EPC as well BOT basis. The pipeline that is coming up for bidding on EPC and BOT is very strong. As the current plan of NHAI is expected to award around 80,000 crores of works in current financial year.

An equal opportunity we see at various states is also coming up with. As informed earlier we are actively participating in this bidding process for EPC as well as BOT projects. As the equity capital is already in place our preference definitely would be on BOT hybrid annuity and annuity projects where the competition is reasonable. On our private equity investment front, Ashoka Concessions Limited has received another tranche of 91 crores from SBI Macquarie fund in March 2014 with this the total investment of SBI Macquarie in ACL is 784 crores against their commitment of 800 crores. On our toll collection front, our toll collection has increased from 743 crores to 890 crores. We have capitalized the Dhankuni project in March 2015 on the basis of significant competition of available work fronts. This was reason till recognition of revenues from March 2015.

Now I will give you status of under construction project. Currently there are three road projects under construction, all projects which are under construction are progressing as per schedule. The company has completed 87% of EPC work in Dhankuni Kharagpur, 55% in Chennai ORR and 15% KSHIP project. I will update you on the status of current order book. Our current order book position stand at 3,105 crores of which road projects are 1362 crores and 1743

crores as power T&D. During the quarter we have received EPC contract from MoRTH of Rs.220 crores for a road project in Karnataka. We have also received an order in Power T&D from Bihar state for Rs.60 crores. I would now request Mr. Paresh Mehta to present the results of Q4 FY15.

Paresh Mehta:

Thank you sir. Good afternoon friends. I am sure you had an opportunity to look at the presentation of the results update it's already circulated and uploaded on our website. I would now present the results for the quarter ended March 31st 2015. Our consolidated total income including other income for quarter four FY15 is 810 crores as compared to Rs.619 crores in Q4 FY14 a year on year growth of 30.9%. Construction revenue is 684 crores out of which 283 crores on the power front and also includes other income compared to 533 crores in the corresponding period previous, year a growth of 28% and toll revenues is 126 crores in Q4 FY15 as compared to 86 crores showing a growth of 46%. Our EBITDA for Q4 15 is 178 crores compared to 139 crores in the corresponding quarter last year, year on year growth of 29%. Interest cost for Q4 15 is at 94.4 crores compared to 39.2 crores of Q4 FY14. The increase is mainly due to capitalization of the two projects the Sambalpur project and the Belgaum project and one month for the Dhankuni project.

We have been collecting toll on all our projects in the portfolio except for annuities which are yet to be started on Chennai ORR and the KSHIP project. During Q4 FY15 BOT division recorded a toll collection of 237 crores of which 126 crores is recognized as toll revenue, 37 crores is adjusted against capital WIP mainly on account of Dhankuni project and 32 crores is from associates which are not subsidiaries. This includes toll collected in Devas and Katni project under high court order but not recognized as revenue.

On the balance sheet side our consolidate network including minority interest was 1859 crores and consolidated gross debt of 3873 crores approximately our debt-equity of 2x. The gross debt at standalone basis was 389 crores which comprises of 38 crores on equipment loans, 201 crores on working capital loans and 150 crores of the NCDs raised in November.

The working capital has improved due to 90 crores received from SBI Macquarie in the month March. Cash and bank balances including current investments stood at 56 crores as of 31st March 2015. During the current year as informed we have raised 500 crores through our QIP, the entire amount will be utilized for funding of growth in the business by getting new projects. Currently the proceeds have been used to reduce working capital loan and the balance amount invested in debt mutual funds. With this we now open the floor for question and answers. Thank you.

Moderator:

Thank you very much. We will now begin with the question and answer session. The first question is from the line of Amit Sinha from Macquarie. Please go ahead.

Amit Sinha:

Sir my first question can you give us the breakup of power and road construction revenue for this quarter and for the year?

- Satish Parakh:** The power revenue for this quarter was 283 crores and 340 crores for the road sector. On an overall basis for 2015 we did approximately 560 crores under power division and 1195 on the road sector.
- Amit Sinha:** Okay, sir. Sir what is the status on the premium rescheduling for the Dhankuni project now that the project is commissioned?
- Satish Parakh:** We have applied to NHAI and we expect that we should get something in very near future.
- Amit Sinha:** Okay. And would you like to give any guidance for the next year construction revenue both in terms of power and road?
- Satish Parakh:** We would typically target to grow by around 15 to 20%, it will stack up on account of the existing work order positions and some new projects to be won in this next seven to eight months' time.
- Moderator:** Thank you. The next question is from the line of Nitin Arora from Emkay Global. Please go ahead.
- Nitin Arora:** Sir you said about you have reduced some working capital loan from the proceeds of QIP how will that be and what is the impact on the interest outgo on that, if it was a higher capital working loan?
- Paresh Mehta:** Right so typically we had a working loan utilization to the tune between the range of 200 to 300 crores as of when we raised the QIP we had around 200 crores of working capital utilize which was used to repay that and bought to zero and the NCD continue to remain in the books because they are long term instruments and the money is available otherwise approximately 300 crores was parked into mutual funds which will be utilized as in require for working capital as well as for the new projects.
- Nitin Arora:** Sir any benefit on the interest rate?
- Paresh Mehta:** we will see that benefit coming in the near future when we will definitely pursue the rating agencies to one improve the rating if possible and second of course it is on the bankers to reduce now the, health of balance sheet looks better than previous year.
- Nitin Arora:** And sir any of the projects we have refinanced over the last three months, three to four months?
- Paresh Mehta:** We did refinance Bhandara project in the month of January and we are targeting for refinancing two more projects in the month of May.
- Nitin Arora:** My last one, how much leeway we got in the interest rate?
- Paresh Mehta:** Almost more than 1.5%.

- Nitin Arora:** Sir currently it will be around 10.4?
- Paresh Mehta:** Yes, it will be 10.7, we are around 12.6 so we are now around 10.4 so almost 2%.
- Nitin Arora:** And sir in terms of your P&L in the consolidated the depreciation on a sequential basis has come down, any particular reason for that?
- Paresh Mehta:** On the?
- Nitin Arora:** On the sequential basis in December we were about 37.6 crores it has come down to about 35.5 crores despite capitalization of both Dhankuni and Belgaum. So why is that so?
- Satish Parakh:** This is basically occurring because of, what happens is we are reviewing our depreciation policy, amortization policy because amortization is based on future toll revenues. Now because this revisit of future toll revenue happens only on the year end. So for the past three quarters we were providing as per the estimate base of 31st March, 2014. In 2015 because of the increased traffic the estimate for the future toll have changed the denominator has increased that is the reason there was a reversal of depreciation on certain projects for the quarter so otherwise for the year it was there but, the quarter that impacted.
- Nitin Arora:** And sir any tariff hike that has been taken in this quarter in any of the road project?
- Paresh Mehta:** Not in the March quarter.
- Nitin Arora:** In Sambalpur we have again done a collection about 10 Lakhs per day, so is it still 80% commission right?
- Paresh Mehta:** Right.
- Nitin Arora:** So at full commissioning what would be our number fair assumption?
- Paresh Mehta:** On a pro-data basis it would be around 12.5, and there could be once the roads is totally complete there could be capturing of some more traffic under tolling because of the resistance of some people who are not paying because road is not fully constructed that would also improve.
- Nitin Arora:** Okay. And sir just last two questions from me, what would be our equity requirement now left which needs to be put in my existing portfolio?
- Paresh Mehta:** It was small requirement of hardly say 17 crores for the Mudhol-Nipani project, balance is all funded.
- Nitin Arora:** Sir any particular reason where the debtors got increased in FY15 to about 364 crores from 130?

- Paresh Mehta:** Majorly because execution happened in the last quarter, they have contributed to increase in depreciation on the power as well as the road projects, because better execution in the last quarter.
- Nitin Arora:** Thank you sir that is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
- Vibhor Singhal:** I had a couple of questions on the specific toll projects. So if you see in Dhankuni I think the toll collection is, that we are doing right now would be around 60 lakhs per day so still I would say significantly below the target that we had so any chances of that picking up as we completely commissioned 100% COD in this quarter?
- Paresh Mehta:** From the completion angle there would not be a change but from the economic activity picking up that could always be a possibility of change, presently we are doing in the range of around 67-68 though the average looks at lower number because of initial two quarter but otherwise the run rate is in the range of 65 to 68.
- Vibhor Singhal:** Okay. And do you think we should be able to reach around 75 by the end of FY16 or that still be a long shot?
- Paresh Mehta:** We hope.
- Vibhor Singhal:** Fair enough. Similarly in case of Sambalpur also I think because of the mining ban we are facing a huge shortage and as you mentioned, rightly said that probably pro rata basis it will probably 12.5 lakhs per day whereas we targeted around 20-24 in the beginning. So no visibility on that right when we would be able to reach that number?
- Paresh Mehta:** Not update. We are seeing activity on ground on the mining belt but finally that turning around in consumption happening would then show the increase in the tariff.
- Vibhor Singhal:** Okay, and sir similarly in the PNC project also, the number remains much-much below our expectations?
- Paresh Mehta:** PNC may have, there would be different issues for resolving certain local issues which are still not being supported by the state authorities where this traffic is typically lower otherwise we could have been very close to what, I am slightly close to what we had estimated.
- Vibhor Singhal:** So which would be around 35 lakhs?
- Paresh Mehta:** Yes, around 32-33 lakhs.
- Vibhor Singhal:** And currently we are doing around 24-25.

- Paresh Mehta:** Yes.
- Vibhor Singhal:** Fair enough. Also sir we have increased our stake in the Jaora-Nayagaon project right?
- Paresh Mehta:** No, as of date we are holding 23% at the ACL we are in the process of transferring 40.74% which was held and now there is after relaxation of the consortium members, 40% is getting transferred, the balance transfer will happen over a period of time as and when we get permission from the authority.
- Vibhor Singhal:** So as of now we hold around 37.5%.
- Paresh Mehta:** 37.34 yes.
- Vibhor Singhal:** And how much more will get transferred around 25%?
- Paresh Mehta:** Yes, we are targeting for more we will have wait and see.
- Vibhor Singhal:** Okay, so we are acquiring the stakes from Seri Infra right?
- Paresh Mehta:** Right.
- Vibhor Singhal:** So what is the exact quantum of incremental stake that we are looking?
- Paresh Mehta:** As of date Seri on the books hold 19.24% so that is what we have already have an understanding with them to acquire we have already paid the consideration and the transfer formalities are yet to happen.
- Vibhor Singhal:** So basically 37.7 plus 19.2 would be our stake in that project?
- Paresh Mehta:** That is right. And one more stake which we, between the two other parties is acquired as and when we get the permissions we will and approximately 8.5% so we will communicate.
- Vibhor Singhal:** Okay. And sir for the 19.2% what is the consideration that we have already paid?
- Paresh Mehta:** Not yet disclosed it, but a good price that is what I can say.
- Vibhor Singhal:** Okay. Also sir just a small question again, basically can I get what is the debt on the BOT projects of ABL?
- Paresh Mehta:** BOT projects of ABL would be approximately, you are talking of ABL or ABL and subsidiaries?
- Vibhor Singhal:** Sir I am talking of the ABL subsidiaries the BOT subsidiaries under ABL.
- Paresh Mehta:** ABL subsidiaries would be approximately 115 crores.

- Vibhor Singhal:** So this would be on the individual subsidiaries of ABL?
- Paresh Mehta:** Yes.
- Vibhor Singhal:** Okay, fair enough. Fine sir I will come back in the queue if I have more questions. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Kunal Seth from Prabhudas Lilladher. Please go ahead.
- Kunal Seth:** Sir I just wanted to know which are the projects which are due for toll hike this year?
- Paresh Mehta:** This year most of the projects are having toll hike due date, so the projects like Belgaum-Dharwad, Dhankuni-Kharagpur, Sambalpur have already seen toll hikes. Bhandara-Durg will be seeing toll hike in September, Jaora Nayagaon and Indore Hyderabad has seen toll hike on 1st April and Wainganga on 1st of August. So typically there are eight projects which you will see toll hike change.
- Kunal Seth:** Okay. And sir as on date what is the total equity we have invested in our BOT portfolio?
- Paresh Mehta:** The total equity invested by Ashoka in the portfolio is approximately 1300 crores. 1000 crores in ACL and approximately 200 crores invested over period of time in the direct ABL subsidiaries.
- Kunal Seth:** And this excludes the unsecured loans. Are there any unsecured loans in ACL?
- Paresh Mehta:** No, there are no unsecured loans in ACL.
- Kunal Seth:** Okay. And sir a quick question on the sector you mentioned that there are about 80,000 crores tenders from NHAI and similar at state level, could you give us some sense what percentage out of that is on BOT?
- Satish Parakh:** Out of balance 80,000 crores I think around 25% should be around BOT annuity and 75 still would be on EPC.
- Kunal Seth:** Okay, so sir this 80,000 crores are the tenders which are live or this is the CAPEX plan of NHAI?
- Satish Parakh:** This fair lot of land acquisition is already done kind of projects. It will definitely come for bidding like.
- Kunal Seth:** So basically all these project could come up for bidding very shortly?
- Satish Parakh:** Yes.
- Kunal Seth:** Okay. Thank you so much sir.

- Moderator:** Thank you. The next question is from the line of Devang Modi from Equirus Securities. Please go ahead.
- Devang Modi:** Sir firstly we are pretty rarely we are likely noticing that the share of power distribution has gone up pretty heavily in our order book right now. So obviously we will be looking to get some road order but how confident would we be that say if it takes more than two quarters because probably say NHAH orders only start moving and awards only start happening post September then in that case are we well placed to say register this 20% growth this year in EPC revenue?
- Paresh Mehta:** This June quarter itself by June end we will see bidding of around 36,000 crores by NHAH and MoRTH. Another 10,000 crores we will see orders from States so 40-45,000 crores where are participating in more than 20,000 crores of orders we are participating by June end. Definitely we hope will get something.
- Devang Modi:** Sir this 36,000 crores so basically how many projects and 75-25 split between BOT and EPC, updated EPC and BOTs what you are saying?
- Paresh Mehta:** Yes. Around 16,000 crores on BOT and around 20,000 crores of EPC from NHAH and another 7000 crores we have seen from States.
- Devang Modi:** And MoRTH is a part of that 35 that you mentioned?
- Paresh Mehta:** Yes, 36 is including MoRTH.
- Devang Modi:** So sir, because what is happening is that when we are unfortunately NHAH and MoRTH are coming up with dates but the projects are getting delayed in terms of the bids finally happening so over the last three months we have seen that almost 40-50% of those bids are getting placed on that one and only few projects are getting done. So because of that trends....
- Paresh Mehta:** If you see March-April, NHAH bid out around 36,000 crores out of which 4,000 did not get any build, 22,000 crores of projects did receive bids. So the 4,000 which did not receive bid are now planned by June end. When they don't get any viability on BOT and no bids are coming in then they are put for EPC.
- Devang Modi:** Correct. And sir so basically we will be looking to bid for what percentage of this contract of this 42,000.
- Paresh Mehta:** 20,000 crores is what we are looking at bidding out the June will be participating.
- Devang Modi:** 3,000 crores out of this 26,000.
- Paresh Mehta:** 20,000.
- Devang Modi:** Okay, we will be bidding for 20,000.

- Paresh Mehta:** Yes. Out of 42,000 what is put for bid around 20,000 is what we will participate, that is including NHAI ministry and States.
- Devang Modi:** And sir otherwise generally out of our current order book of 16-15, 13-15 power and roads, how much can we hope to execute in FY16 in this?
- Paresh Mehta:** Totally what out of current order book we will be executing around 1800 to 1900 crores.
- Devang Modi:** Okay, just out of so, how much will be through power and how much will be in roads?
- Paresh Mehta:** Roads is around 1000 crores and power around 800 to 850 crores.
- Devang Modi:** Power remaining is roughly a two year book and road it's like almost getting done this year.
- Paresh Mehta:** Yes, by the end of this year we will be left only with 300 or 400 crores of road.
- Devang Modi:** Sir and what kind of pipeline are we seeing on the other segment that is power distribution are we seeing any hope of getting new orders over there?
- Paresh Mehta:** In power we already have a good book we definitely will be participating, but we will may not be very aggressive in getting power order book, we would now definitely like to build our road order book.
- Devang Modi:** And any other verticals you would be looking at or trying to build in this current market?
- Paresh Mehta:** Similar works like where similar skills are required like railway EPC also we are looking at?
- Devang Modi:** Okay and that would be typically which agency that we will working for?
- Paresh Mehta:** This will be for RVNL.
- Devang Modi:** Okay. Alright, sure sir that is it from my side.
- Moderator:** Thank you. The next question is from the line of Devang Patel from IL&FS. Please go ahead.
- Devang Patel:** I had this question on Cuttack Angul project the government was talking about golden handshake for projects which are stuck. And lot of developers have surrendered projects without paying any fines what was different in his project where we had to take a write off?
- Paresh Mehta:** Golden handshake is about paying some price. So we had already paid that price and we are out.
- Devang Patel:** So there was no.

- Paresh Mehta:** There was nothing like Golden handshake without any price. The others who have not accepted for the bid security forfeiture have gone into disputes.
- Devang Patel:** Okay. And there is nothing negotiable in this in the future where?
- Paresh Mehta:** We have already entered into agreement and closed the issue.
- Devang Patel:** Okay, this matter is settled. Sir on the, if you could give a sense of the blended tariff growth across the whole basket of projects?
- Satish Parakh:** As typically seen in the numbers the blended tariff could be in the range of say 4 to 5% with one of exceptional of Indore Indore-Edlabad that is slightly high would slightly skew towards slightly larger number but otherwise 4 to 5% is what we can look at.
- Devang Patel:** Sir and if you have seen, studied this trend over the last two, three quarters and again in April and May are you seeing any substantial uptake in this trend?
- Paresh Mehta:** The growth continues to be there vis-à-vis Q3-Q4 we have to still see the Q1 of this year totally out, April continues to be good May we have just to see the month out.
- Devang Patel:** Right. Sir and when you said, when you were giving this number on the bid pipeline it's highly skewed in favor of EPC, will that also change the mix of orders that we get probably would it be 50-50 EPC BOT although we may be preferring BOT.
- Satish Parakh:** Yes, going ahead it could be 50% EPC and 50% BOT.
- Devang Patel:** Have you been participating in EPC orders in March-April from NHAI?
- Satish Parakh:** Yes, we have participated around 9000 crores of orders but we could not, we are not L1 in any.
- Devang Patel:** And sir how much difference are we seeing between our bids and the winning bids?
- Satish Parakh:** It is ranging from between 4 to 8%.
- Devang Patel:** Okay. That is all thank you so much sir.
- Moderator:** Thank you. The next question is from the line of Naveen Jain from JM Financial. Please go ahead.
- Naveen Jain:** Sir can you please comment on how is the competitive intensity currently when it comes to bidding for NHAI projects, because we bided for lot of projects but we could not win anything so, would you call the current bidding rational or how is it currently?

- Satish Parakh:** According to us there is lot of aggression in the bidding particularly EPC is seeing lot of aggression, since last 1.5 to 2 years not much was put for bidding either by NHAI or States so it has come to a large gap, so what we have seen there has been substantial difference between the various bidders and if you see the estimates of NHAI even most of the bids have gone 15 to 20% lower than NHAI estimates and that has been quite a competition.
- Naveen Jain:** So do you see that kind of competition coming down in the next round of bidding?
- Satish Parakh:** What we are seeing is a trend those who have already got some bids are now bidding reasonably high, those players who have not got anything are still very aggressively, so we will have to wait and see how this pans out.
- Naveen Jain:** Okay, sure. And sir you mentioned that there was some tariff hikes in lot of your projects from April 1st, can you please give the specific number how much was the tariff hike in each of these projects?
- Paresh Mehta:** For the last year?
- Naveen Jain:** From April 1st, 2015.
- Paresh Mehta:** Till April 1st we had tariff hike in Jaora and Indore-Edlabad of 7% and in the Belgaum and Dhankuni approximately around 3%.
- Naveen Jain:** So NHAI projects will be typically around 3%?
- Paresh Mehta:** Yes. 3 or sub-3 because where there are only WPI impact then it will be lower.
- Naveen Jain:** Got it, so around 2 to 3%.
- Paresh Mehta:** Yes.
- Naveen Jain:** Got it sure. Sir when I look at our tariff growth number for the last quarter on average compared to the base quarter of last year most of the project is grown somewhere around 8 to 9% and I am assuming last year tariff hike was close to about 6%-odd so that math tell me that the Y-o-Y growth in tariff is somewhere about 2 to 3% is that right?
- Paresh Mehta:** Around 3 to 4% full year.
- Naveen Jain:** Sure. Is Dhankuni project we have 87% completion, when we complete the balance part so we have up till now capitalize to the extent of 87% right?
- Paresh Mehta:** Correct.
- Naveen Jain:** So when we complete the balance part there will not be any tariff hike or anything right?

- Paresh Mehta:** No.
- Naveen Jain:** Why is this stuck, this 13% is this stuck or it's like?
- Paresh Mehta:** What happened is 100% of whatever ROW is available has been already completed 100% of it. Balance where there are certain incompliances and land to be handed over is in the process and we expect by say approximately between July and September to complete most of the works most than 95-96%.
- Naveen Jain:** Got it and has the KSHIP project been little slow to move?
- Paresh Mehta:** KSHIP project was awarded in December 2014, so the initial works from a quantum, from value purpose is comparatively low, but we will pick up in next 8 to 12 months I think we will get it done away with so it's not a very challenging execution so we are targeting to complete it in 12 months' time.
- Moderator:** Thank you. The next question is from the line of Deepanshu Madan from Locus Investment. Please go ahead.
- Deepanshu Madan:** Sir one question there is new around the fact that the Maharashtra government and NHAI has sort of stopped toll collection or is expecting to stop toll collection for about 80 projects. So one is that how does this look for us does it impact us at all and what is the view behind closing this and how do they want to sort of pay off the construction companies who have and the toll collectors rather who are working on these projects, one is that question.
- Paresh Mehta:** One of our projects which is Ahmednagar-Wadala this the only state project we are having here. So here they are trying to free the cars so all the LMVs are being made free and for which government will compensate us. Now the mechanism on compensation is still now finalized with the government.
- Deepanshu Madan:** So at the moment?
- Paresh Mehta:** 15% of today's traffic is LMV, light motor vehicles. So this government is trying to free completely, this 15% will be compensated to us the mechanism still is not decided between government and us.
- Deepanshu Madan:** Okay. Thanks and sir one more question was that, you had mentioned that NHAI is looking to offer about 80,000 crores of projects of which 25% is BOT which is at 20,000 crores and in June it self they are going to give 15,000 crores so basically most of the bidding is going to happen by the next month for BOT for the full year that is what it implies?
- Paresh Mehta:** It is around 16,000 will happen by June, then also to working on hybrid annuity model where in 40% they are trying to give us a grant and balance they will give in semi annuity basis. So that is another model we will see, so that is part of BOT.

- Deepanshu Madan:** That is excluding of the 20,000 crores that they have planned to offer for BOT project.
- Paresh Mehta:** In that we may see 40% of pure EPC and another 30-40% on hybrid annuity and may be around 20-25% on pure BOT. So as you say pure BOT may get over by June or may be August but hybrid annuity is still to come.
- Moderator:** Thank you. The next question is from the line of Abhijeet Vohra from Sundaram Mutual Fund. Please go ahead.
- Abhijeet Vohra:** Sir going forward about 40-45% of your revenues will come from power at least in the Fy16, so who will this impact your margin first and secondly working capital?
- Satish Parakh:** Preceding that this number about 40% becomes, with pertain to power project, EBITDA margins would be slightly lower but the PAT margins would continue to be similar with the range of 5.5 and 6% so that should not get disturbed. EBITDA margins would be slightly lower it would not look something like 12.5 to 30, it will look like something like 10 to 10.5. But because there are no depreciation this will not look, the PAT should not be impacted. On the working capital side, whatever only for the projects in Maharashtra the requirement of working capital was slightly higher but the projects which you are executing on the Bihar and Tamil Nadu side there are mobilization advances as well as material advances or part payments of as and when materials are delivered. So the working capital stress would not be more.
- Moderator:** Thank you. The next question is from the line of Nimit Shah from ICICI Securities. Please go ahead.
- Nimit Shah:** Sir if you can specify the toll rate hikes for the remaining projects which are there, which are due in the later part of the year?
- Paresh Mehta:** As I said say the Belgaum and Dhankuni have already seen approximately growth in toll rate of 2.5%, Bhandara-Durg and Wainganga will see approximately in the range of 1 or 2% because they are directly linked to WPI. And there is no new project income and of course Jaora and Indore –Edalabad have already seen 7% hike in this year.
- Nimit Shah:** And P&G and Sambalpur?
- Paresh Mehta:** P&G also in the range of 2.5 and Sambalpur also 2.5.
- Nimit Shah:** Okay, correct sir. And sir you mentioned that you have repaid this working capital loan of 200 crores so on the standalone basis your debt levels would be currently at around 190 crores or like that?
- Paresh Mehta:** Yes, around 180-190.
- Nimit Shah:** Okay, so it would remain at these levels going forward?

- Paresh Mehta:** Because what has happened is there equipment loans and NCD which we are unable to liquidate now so what we are presently we were using the balance money available either we park it in mutual funds or trying to trade terms as better for our execution team like our creditors we are trying to negotiate a stronger discounts.
- Nimit Shah:** Correct. And sir order inflows for FY15 would be around 1450 crores or?
- Paresh Mehta:** For FY15 would be, I don't remember the number we will come back to you later.
- Nimit Shah:** Okay. And sir you mentioned in the earlier question that the equity investments is 1300 crores, it does not include any loans and advances?
- Paresh Mehta:** Pardon, equity?
- Nimit Shah:** Investments in BOT projects by ACL and ABL, is around 1300 crores so it's a pure equity it does not include any loans and advances?
- Paresh Mehta:** It doesn't work that way, so as far as ABL is concerned these investments are into equities or into CCDs of ACL. Now ACL would have invested in this projects as equity or as preference share or as zero interest shareholders loan. So, it is basic equity but could be in the form of loans also.
- Nimit Shah:** Okay, so there I no short term funding which has been given to any of the subsidiary which is due for repaid after one year or two years or like that?
- Paresh Mehta:** There are projects like Bhandara, Durg, and Pimpalgaon and even now Sambalpur there are short term loans could be amounting to around 125 crores.
- Nimit Shah:** So this is over and above this 1300 crores?
- Paresh Mehta:** Yes.
- Nimit Shah:** Correct. Which projects Sambalpur, Bhandara?
- Paresh Mehta:** Durg and P&G.
- Nimit Shah:** Okay, sir. Thanks a lot sir.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss Capital. Please go ahead.
- Parvez Akhtar:** I had a couple of questions one is, has there been any kind of dividends or any other one-offs because the other income standalone is kind of high at about 32 odd crores in this quarter?

- Satish Parakh:** On the standalone there is one off item which is transaction between one of its 100% subsidiaries where preference shares were subscribed by Ashoka Buildcon from Viva Infrastructure which was redeemed with, and the preference shares were redeemable at premium where 13 crores was captured as premium on that transaction so it has got knocked off in the CSS but the standalone that is the income. Of course this is not taxable because after indexing there is no profit left out. So this is 1300 crores of income earned on preference shares redeemed from a subsidiary.
- Parvez Akhtar:** And for how many days in March was the Dhankuni project expensed?
- Satish Parakh:** Almost 31 days, 1st March we capitalized it.
- Parvez Akhtar:** Okay. Since we are focusing on BOT projects more let say than EPC project anyways EPC projects are seeing a lot of competitive bidding, even if we get BOT project now it's unlikely that they will contribute to the EPC revenues in FY16 so I mean in case let say we still feel that or in case we are not able to win a couple of BOT projects in the next one or two quarters what will be our strategy for FY17 then? And most of the book will get exhausted this year so what will we do in FY17?
- Paresh Mehta:** It's very much unlikely that we don't win anything because there is a huge opportunity available at NHAI at States we haven't seen these kind of bidding in last almost four to five years or so. So around 1 lakh crores of bidding at NHAI, MoRTH and another lakh crores of bidding at various states, so I don't think there is any possibility of not winning bids on either BOT or EPC in next quarter.
- Parvez Akhtar:** EPC would be fine.
- Paresh Mehta:** EPC and BOT both, there were lot of annuity projects also coming up and every state is now aggressive on rolling out their programs. So it is not only NHAI and MoRTH, equal kind of opportunity with various states.
- Parvez Akhtar:** Sir is there some kind of an internal target that we have set that we will be targeting at least this much amount of BOT project?
- Paresh Mehta:** We are participating almost to the tune of, by June we will be participating in 20,000 crores. In the quarter if you are participating in this number then definitely we are supposed to bag something.
- Parvez Akhtar:** Sure. And sir when is the COD for Sambalpur and the Chennai ORR project expected?
- Paresh Mehta:** Both will be completed in this current financial year. Like Chennai ORR will be completed in this current financial year we are even targeting KSHIP to be completed in this financial year and Sambalpur within a quarter's time because Q1 will be getting COD.

- Parvez Akhtar:** And sir was there any do like in the Sambalpur project from April 1 or will get full COD and then only we will get the?
- Paresh Mehta:** No, we have already got from 1st April.
- Parvez Akhtar:** Sir what was the quantum of that if you could share that?
- Satish Parakh:** Around I think 2.5.
- Parvez Akhtar:** And was the same the quantum for P&G also?
- Satish Parakh:** Yes.
- Moderator:** Thank you. The next question is from the line of Nitin Arora from Emkay Global. Please go ahead.
- Nitin Arora:** Sir just repeating one question there was a question being asked about Jaora-Nayagaon stake increase, so you said that for a 19.2% stake we have paid it so how we have paid that?
- Satish Parakh:** As an advance.
- Nitin Arora:** Okay, so it has been taken as a debt on the standalone and that we have paid up or is it from the cash flows we generated from the?
- Satish Parakh:** It's coming from the standalone and the subsidiaries, 100% subsidiaries of ABL. So there is part debt also on that which is existing in the books of one of the subsidiaries Viva Highways with which has been partially utilized for covering this event.
- Nitin Arora:** Okay. And sir who are the remaining players one is PNC which holds around 8.5%.
- Satish Parakh:** And Subhash Projects.
- Nitin Arora:** Which holds the remaining?
- Satish Parakh:** Right.
- Nitin Arora:** Okay. Sir just wanted to understand let say we take a project from here in BOT and let say if SBI Macquarie is not putting the money in the ACL now so will it again go to ACL the new BOT project or it will be in the ABL itself?
- Satish Parakh:** Understanding is very clear that all road projects would be developed under ACL, so it will be developed under ACL only.
- Nitin Arora:** Where we will be putting the whole 100% equity but we will be sharing the stake with them?

- Satish Parakh:** Exactly so we will put the whole stake for the project but they will dilute, Macquarie stakes will dilute and project will be carried out in ACL.
- Nitin Arora:** And sir just one thing more, I just want to understand that we have about 500 crores of cash read at this point to put in into the BOT projects. Let assume that you built in a portfolio of 5000 crores which you earlier did and hopefully you get about 25-30% grant on that, so that removes about 2000 crores of funding shortfall straight away and on the remaining 3000 crores you put your 30% requirement which is 900 crores. It is something we are working with those numbers just wanted to understand that if we have 500 or 600 crores of cash at this point we will be completely targeting another portfolio of about 3,000-4,000 crores or somewhere in the range of one project each year of BOT and rest would be definitely EPC.
- Satish Parakh:** So we are targeting in the next 2-2.5 years, assimilation of projects of around 6000 odd crores to build up our portfolio of ACL's present set of projects and based on this we are typically presuming that we would be requiring to fund approximately 1000 odd crores which will be partially definitely funded from this 500 crores and the balance could be from the internal accruals of this projects the margin from the EPC contract on this projects and certain cash flows coming in from the 100% subsidiaries of the ABL, so there was various options available to fund the projects, options are there and fund flows are there.
- Nitin Arora:** You said 6000 crores of ACL portfolio for the next two years?
- Satish Parakh:** Right.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Sir my question was more related to the bids which we are highlighting and are going to come in June which is close to about 46,000 crores both from NHAI and MoRTH, are these projects having all the requisite clearances in place.
- Satish Parakh:** Yes, whatever projects now NHAI is bidding out they are having 80% of land in place and environment clearance and forest clearance are in place. So no bidding is happening without these things in place.
- Aditya Mongia:** So if there is enough bidding interest all of these should get awarded in the month of June is what you are saying?
- Satish Parakh:** Yes, bids will be month of June and awards may happen in August-September.
- Aditya Mongia:** Sure. Sir my second question was on this overall ordering pipeline of 100,000 crores or 80,000 crores which you had I think for the full year, is it fair to assume that for this large pipeline there would be about 50x20 players kind of for sharing these or will the number be even larger?

- Satish Parakh:** Normally what we are seeing around 8 to 10 bids for EPC contracts and around 4-5 CS participants in BOT segments. So on an average I think we should see and there are of course players participating overall if you see around 20 but for a particular bid we see around 10 players.
- Aditya Mongia:** Sure, so what this kind of implies is that essentially there is enough for everyone so even if I do a simple math of dividing this by 20 an average player should still be able to do about 4000 to 5000 crores of order wins in the year that is basically what I would want to kind of take away from this.
- Satish Parakh:** Yes, that is the exact ground position.
- Aditya Mongia:** Exactly, so maybe there are players who are bidding aggressively but they are on way of getting kind of pacified to some extent and incrementally there would be enough orders for everyone to take.
- Satish Parakh:** We hope so. But looking at the current competition I don't feel, everybody is very hungry to build up order books.
- Aditya Mongia:** Sure. Sir my next question was on this hybrid annuity model. Sir last time when I talked to NHAI they said that there were quite a few issues because of which this model might not finally get kind of accepted and would not impact FY16 ordering as such, has anything changed on that front sir?
- Satish Parakh:** There are still discussions are going on in NHAI, but they are very much focused on getting this model out.
- Aditya Mongia:** Sure. Just a couple of question on the company as such, sir one thing is apart from company Sambalpur are there any other projects where in full toll rates are not being implied at this point of time?
- Paresh Mehta:** There is like in P&G there is a small portion otherwise nothing significant.
- Aditya Mongia:** Yes, so P&G 6 to 8 kilometer section which is remaining to be...
- Paresh Mehta:** Some small could be possible.
- Aditya Mongia:** And sir my last question is that on this Jaora project where you were increasing your stake and you have already increased it to I think 37% for the 15% which has already been kind of taken over what was the amount which you paid for that?
- Paresh Mehta:** We are almost at par.
- Aditya Mongia:** At par means one-time book or?

- Satish Parakh:** One time, this was already this 14.74% was already acquired in the sense interim agreement with the seller at the time of inception of the project. So the final transfer is happening now, because there were restrictions of holding under the concision agreement.
- Aditya Mongia:** And the remaining stake transfer whenever it happens would happen on completely separate terms right, because there will be no.
- Satish Parakh:** Yes, they are different terms vis-à-vis what was the original 40.74 because that was at par, disclose that appropriate.
- Moderator:** Thank you. The next question is from the line of Prateek Poddar from ICICI Prudential. Please go ahead.
- Prateek Poddar:** Sir just on the revised Maharashtra toll policy, in case this is just hypothetical but in case say the government does not announce any payment mechanism would you still go ahead from June 1st and stop tolling LMVs.
- Satish Parakh:** We have not received any formal communication still from government. So unless we get a directions from government we still continuing tolling full rates.
- Prateek Poddar:** Okay, so this notification is for both, for withdrawing as well as for the compensation?
- Satish Parakh:** Yes actually the list they had published in the newspaper which are one of our projects was included for free LMV vehicles. But no formal communication from government still received.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.
- Vibhor Singhal:** Sir my quick follow up on Nitin's question in which he asked about let say for the new projects that SBI Macquarie has not invested and you told that basically the stake of SBI Macquarie is going to dilute in ACL, so currently let say for Chennai ORR and KSHIP project I presume that SBI Macquarie is not putting in any equity so just assuming that our ACL portfolio stays at right where it is, so what would be the stake of SBI Macquarie dilute from the 36% to?
- Paresh Mehta:** That will be done at the appropriate time once the transfers happen so we will do it at fair market value.
- Vibhor Singhal:** So is there a formula that has been device that this is how the staggered decrease in stake is going to continue, will it happen?
- Paresh Mehta:** There is a structure in the agreement.
- Vibhor Singhal:** Okay, but for Chennai ORR and the KSHIP project SBI Macquarie is not putting in any equity right?

- Paresh Mehta:** Chennai ORR is part of ACL so the funds have exhausted, they will not be putting anything extra now. We will be diluting.
- Vibhor Singhal:** So in Chennai ORR they have not put in any equity?
- Satish Parakh:** No, they have not put an equity.
- Vibhor Singhal:** And also in KSHIP?
- Satish Parakh:** Correct.
- Paresh Mehta:** Not part of ACL it's under ABL portfolio.
- Vibhor Singhal:** Okay, it's under ABL portfolio. Fair enough sir, thanks a lot.
- Moderator:** Thank you. The next question is from the line of Kapil Agarwal from Max Life Insurance. Please go ahead.
- Kapil Agarwal:** Sir you spoke about 40,000-45,000 crores of opportunity by June, so can you highlight the total opportunity by states for the entire year, what could that opportunity size be. NHAI and MoRTH has already talked about 10,000-11,000 kilometers but what could the state opportunity be?
- Satish Parakh:** States together should throw up around a lakh crores of works.
- Kapil Agarwal:** Lakh crores of work across considering with the states also right?
- Satish Parakh:** Yes, all states.
- Kapil Agarwal:** But that is.
- Satish Parakh:** Then NHAI and MoRTH.
- Kapil Agarwal:** NHAI and MoRTH together.
- Satish Parakh:** Together it should be around 2 lakh crores of opportunity.
- Kapil Agarwal:** Okay, that is it thank you sir.
- Moderator:** Thank you. The next question is from the line of Amit Sinha from Macquarie. Please go ahead.
- Amit Sinha:** On sir Bhandara and Durg project the toll calculation, hike colocation is based on average WPI for the year?
- Satish Parakh:** No, it is based on the WPI as of 2007 and as of date and the differential is worked out.

- Amit Sinha:** Okay, sir secondly broader sector level question, so what is your view on the land acquisition which is being done by NHAI because in one of our interaction with NHAI they were kind of complaining about the confusion which is currently existing between the old bill and the current ordinance what is your view because I agree with you that in the near term projects where most of the land is already acquired but going forward six months hence from now the projects which are to be tendered they don't have the complete land acquired what is your broad view on this issue?
- Satish Parakh:** Definitely there is no clarity on how they are going to go ahead if this new land acquisition amendments are not passed. Definite after six months or nine months if still the position remains same then they will have to come out with some other medium. They had one year of ordinance in place so they are still acquiring with the old Land Acquisition Act but now that period is over so they make seek extension for that.
- Amit Sinha:** Okay. So they are still paying, they are still not paying four times.
- Satish Parakh:** Nothing is acquired under the new land acquisition act. So whatever has been acquired till date was completely under the old act so they were paying with the old rates.
- Amit Sinha:** Okay, sir lastly for some of the bigger EPC projects which are coming are you planning to go alone for these projects like Eastern Peripheral project?
- Satish Parakh:** Yes, we are bidding alone for this projects participating on our own.
- Moderator:** Thank you. Ladies and gentlemen that was our last question, I would now like to hand the floor over to Mr. Achint Bhagat for closing comments.
- Achint Bhagat:** Thank you everyone for taking out time in joining into the call and special thanks to the management for taking out time for all of us and thank you sir.
- Satish Parakh:** Thank you very much.
- Moderator:** Thank you. On behalf of Ambit Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.