Ashoka Buildcon Limited

To,
The Manager,
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

Scrip Code : 533271

To,
The Manager,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Symbol : ASHOKA EQ.

November 24, 2021

Sub: Call Transcript

Please find enclosed herewith the copy of transcript of the Earnings Call held on November 15, 2021 in respect of Unaudited Standalone and Consolidated financial results for the quarter ended September 30, 2021.

Kindly take the matter on your record.

Thanking you,

For **Ashoka Buildcon Limited**

MKulkarni

Manoj A. Kulkarni
(Company Secretary)
ICSI Membership No. : FCS – 7377

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"Ashoka Buildcon Limited Q2 FY2022 Earnings Conference Call"

November 15, 2021

MANAGEMENT:	**MR. SATISH PARAKH – MANAGING DIRECTOR** **MR. PARESH MEHTA – CHIEF FINANCIAL OFFICER**
ANALYST:	**MR. MANGESH BHADANG – NIRMAL BANG EQUITIES**

Moderator: Good day, ladies and gentlemen, and a very warm welcome to the Ashoka Buildcon Limited Earnings Conference Call hosted by Nirmal Bang Equities Private Limited. 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mangesh Bhadang from Nirmal Bang Equities. Thank you and over to you, Sir!

Mangesh Bhadang: Hello everyone and thank you for attending the second quarter FY2022 conference call of Ashoka Buildcon. We have with us today, Mr. Satish Parakh – Managing Director and Mr. Paresh Mehta – Chief Financial Officer of Ashoka Buildcon, along with the investor relations team of Stellar IR. Without further ado, I now hand over to the call to Mr. Parakh for his opening remarks and then we will follow it up with the Q&A session. Thank you and over to you, Sir!

Satish Parakh: Thank you, Mangesh. Good afternoon everyone. I would like to extend a warm welcome to everyone on our earnings call for the quarter ended September 30, 2021. Along with me, I have Mr. Paresh Mehta, our Chief Financial Officer on the call. Before I take you through the operational performance highlights, I would like to brief you on the industry updates.

Infrastructure development has emerged as a top government priority in recent years and the Prime Minister's unveiling of Gathi Sakthi plan on Independence Day adds to a new dimension to the entire implementation. This is a critical step towards India's goal of developing 100 lakh Crores of holistic infrastructures. The plan includes strengthening the national highway network. The plan seeks to add approximately one lakh kilometers of road network over the next four years, bringing the country's national road network approximately to 2 lakhs kilometers. This will result in significant increase in the road and highway sectors awarding activity. The Gathi Sakthi plan seeks to integrate 16 ministries, roads and highways, railway, shipping, petroleum, gas, power, telecom, aviation with the goal of assuring comprehensive planning and implementation of infrastructure projects. It would ensure more efficient utilization of resources, continued investment in new projects and faster infrastructure construction hence creating enormous possibilities for infrastructure sector as a core.

Let me now discuss the construction activity from April to October 2021, highway construction slowed to 4450 kilometers from 4956 kilometers in corresponding year last year. The pace of construction was slowed by the second wave of COVID-19, which was followed by heavy monsoon season in the majority of the country, which put pressure on the execution activity during this period.

The awarding activities also remained modest during this period with projects totaling to 4913 kilometers down from 577 kilometers in the previous year. We anticipate that execution will accelerate in the remaining period in order to meet the NHAI FY2022 target of 40 kilometers per day. The awarding activity will also increase in order to meet NHAI target of 6000 kilometers of Bharatmala project in fiscal 2022.

Now coming to the company's performance, to begin with allow me to provide you an update on the positive development of SBI Macquarie transaction. We were able to effectively renegotiate the terms of shareholders agreement with SBI Macquarie. Addressing the investors exit from the proceeds of ACL the commitment to the investor has been revised for Rs.1526 Crores to Rs.1100 Crores with a cap of 1200 Crores under this new agreement. So, SBI Macquarie shall be entitled to receive minimum aggregate consideration of 1100 Crores in the event of an exit, plus an agreed interest component calculated from January 1, 2021 to December 31, 2021 subject to cap of 100 Crores and thereafter an additional interest, if any, subject to receipt of interest from assets proceeds. In conjunction with the BOT assets sales process, we had previously entered into SPA with IIF and its subsidiaries to across 49% stake in Ashoka Highways Bhandara Limited. Recently our subsidiary ACL has entered into share purchase agreement with 'Highway Concessions One Private Limited, HC1' for the acquisition of a 49% stake held by HC1 in 'Ashoka Highway Durg Limites' along with a Zero Interest Shareholders Loan, for an aggregate consideration of Rs. 5 crores. Following the completion of this transaction, transaction, the company and its subsidiary will hold 100% of Ashoka Highways Durg Limited. The completion of the transaction subject to the completion of customary condition benefit. With this the company along with its subsidiaries will hold 100% stake in all 5 BOT projects and an annuity asset. This will aid the sales process.

Now coming to our order book, we received orders about Rs.1,869 Crores during the quarter, which includes an order from Adani Road Transport Limited for the execution of civil and associated works on six lane national highway of NH19 from Panagarh to Palsit in the state of West Bengal on EPC basis as well as an order from National Highway and Infrastructure Development Corporation on the EPC basis for package six of NH29 in Assam. Also, we have received a solar park project for EHP substations from Rewa Ultra Mega Solar Limited in Madhya Pradesh, with this our total order book inflow stands at over Rs.5,000 Crores for the year to date.

Our total order book as on September 30, 2021 stands at Rs.11,883 Crores. The order book excluding order worth 139 Crores received from Assam Power Distribution Company Limited. Including this our order book stands at Rs.12,022 Crores. The breakup of the order book is as follows: Road sector and railway sector comprises of Rs.8,061 Crores, which is 68% of a total order book, among the road projects order books HAM projects are to tune of Rs.2,813 Crores, EPC projects are to the tune of Rs.4,455 Crores, and railways is Rs.794 Crores and Power T&D and others account for around Rs.1,850 Crores which is approximately 16% of the total order book, the EPC building segments were around Rs.1,912 Crores, which is 16% of our total order book and CGD is around Rs.60 Crores.

Let me update you the status HAM projects, during the quarter our Khairatunda-Barwa Adda project achieved COD on October 9, 2021, the completion certificate had been awarded. With this we have achieved COD on three HAM projects, can expect to achieve COD of three more HAM projects in near future.

Executions across all the project is proceeding well except for Tumkur – Shivamogga package IV. While we have submitted a FC proposal to NHAI and expect appointed date very soon. In terms of equity investment, the total equity requirement of 10 HAM projects including is about Rs.1,317 Crores of which we have already invested 942 Crores as on September 2021. For the fiscal year 2022 and 2023, the incremental equity requirement is Rs.158 Crores and Rs.141 Crores respectively. That is all from my side. I would like now to hand over to Paresh Mehta to present the financial performance of Q2 FY2022.

Paresh Mehta: Thank you, Sir. Good afternoon everyone. The results presentation and the press release for the quarter have been uploaded on the stock exchanges and on the company's website too. I believe you all may have gone through the same. Now, I would present the financial results for the quarter ended September 30, 2021. Starting with the consolidate result, the total income for Q2 FY2022 grew by 7.1% year-on-year to Rs.1,305 Crores as compared to Rs.1,218 Crores in Q2 FY2021. EBITDA stood at Rs.448 Crores in Q2 FY2022 with the margin of 34.3%. Profit after tax is at Rs.78 Crores in Q2 FY2022 with the PAT margin at 6%.

Coming to the standalone numbers, the total income for Q2 FY2022 stands at Rs.976 Crores as compared to Rs.927 Crores in corresponding quarter last fiscal registering a growth of 5.3%. EBITDA for the quarter was at Rs.165 Crores and the EBITDA margin stood at 16.9%. The company reported profit after tax of Rs.96 Crores on Q2 FY2022 with the margin percentage of 9.8%. During Q2 FY2022 BOT division recorded a toll collection of Rs.243 Crores against Rs.224 Crores in Q2 FY2021 and Rs.208 Crores in Q1 FY2022.

Total consolidate debt as on September 30, 2021 is at Rs.6,466 Crores of which project debt is Rs.6,082 Crores including Rs.250 Crores of NCD at ACL level. The standalone debt is at Rs.383 Crores, which comprises of Rs.160 Crores of equipment loans and Rs.223 Crores of working capital loans. With this we may 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: Good afternoon, Sir and thanks for the opportunity. First question is, what is the status of progress on SBI Macquarie exit, I am asking about the sale process and the timeline, is it December 2021 is a fair timeline where you can achieve some part of sale process and the related question is why the valuation was revised downwards do you expect lower amount, is the reason for the proceed of the sale?

Paresh Mehta: From our perspective of SBI Macquarie, as we have disclosed that restructuring agreement has been done where it is negotiated for giving them an exit at approximately Rs.1,100 Crores plus interest thereon until December 31, 2021, in pursuance of that we are in talks and matured level of discussions with the potential investors to buy into SPVs which are BOT SPVs or annuity SPV and we do expect them to be closing in this year, the December deadline may be extended, but there is good visibility of getting the deal done before the year end.

Mohit Kumar: And why the exit evaluation revised on, what is the particular reason we are expecting a lower value for the sale proceeds?

Paresh Mehta: This is more of a negotiation between the investor and the promoter, the value of what will be got from the sale of proceeds we will be determined over a period of time, so it is not directly correlated it is more from a perspective of how we can negotiate from the amount to be received.

Mohit Kumar: Understood, what are the reason for participating in the round the clock tender for power by SECI are we looking to enter into some power generation sector?

Satish Parakh: No, there is no such, it was a pure EPC works.

Mohit Kumar: There is some RTC tender right floated by SECI where we had participated, is my understanding right?

Satish Parakh: No, we just took EPC project.

Mohit Kumar: Better I will check offline. Sir, coming back to the solar contract which you have right now given the fact that the module prices have gone upwards, is there any risk to the margin especially with the NTPC contract and is there any clause which would allows us to pass through the module prices?

Satish Parakh: Yes, overall sector has suffered a module price so we are in discussion with NTPC as well as MNRE to find a solution to the situation so entire industry is in discussion and we are hopeful of getting a good solution, as of now there is no clause in the contract where it can give us relaxation.

Mohit Kumar: Understood, thank you and all the best, Sir.

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

Vibhor Singhal: Thanks a lot for taking my question. Sir, two questions from my side, one is on the execution front, just wanted to check after Q2 and almost half of Q3 what would be our guidance on margins?

Satish Parakh: So, execution point of views most of project delayed started, so we are now going to see most of the execution in Q4 and of course part of Q3, but overall guidance which is 25% will now go to around 20% up than last year, margins would remain in a similar range.

Vibhor Singhal: So, execution your expecting level is 20% for now compared to 25% earlier?

Satish Parakh: Right.

Vibhor Singhal: Got it, Sir, my second question was on again on the SBI Macquarie deal, I think one of the clauses in the negotiation is that we have also entered into an agreement for assets swap to provide exit to SBI Macquarie, so just wanted to pick your brain from that, so basically is it that we are kind of finding it difficult to find a buyer for all the projects or some of projects and is asset swap is also a very likelihood outcome for this entire transaction in which we do not end up paying SBI Macquarie the entire Rs.1,200 Crores but instead may be part cash and part of some projects or some completing projects, so how is this entire thing likely to turnout given the level we at now?

Paresh Mehta: So, from that timeline perspective what SBI Macquarie has in mind and as per the negotiations in the agreement we have presumed that some certain definitely certain sale of assets will happen and in case there is any delay in few of the assets not happening in time they would probably swap into one of the assets and then they would take an exit so that is the idea behind a mix of cash and swap they are typically aim for a cash deal only, full cash deal, but they have kept this option open, so in the perspective of exit they would prefer to not swap and do a pure full cash deal, but the provision is embedded in the agreement.

Vibhor Singhal: Sir, let say hypothetically speaking if there is requirement of an asset swap will that be a 100% asset swap or it could be that okay, we will take 40:50 in some projects and you remaining in cash or it might for cash plus completely taken from other project?

Paresh Mehta: Generally, they would like to do a 100% swap, but I think in certain assets there would be option for they would like to take in a majority stake and a mix of majority stake and cash.

Vibhor Singhal: Right and lastly there is nothing in the pipeline on HAM projects right, at this point of time we are focusing only on the sale of BOT and annuity project?

Paresh Mehta: So, HAM projects are also on the Anvil, but they are probably at a later stage they will come up sale because quite a few of assets are yet to achieve COD, only three assets have achieved COD, so on the priority definitely the BOT projects and the annuity projects are there and the potential investors are also definitely looking at HAM projects.

Vibhor Singhal: Got it, Sir. Thank you so much for hearing my questions, I will get back in the queue.

Moderator: Thank you. The next question is from the line of Vasudev from Edelweiss. Please go ahead.

Vasudev: Thank you for the opportunity, Sir. My first question is what is the equity requirement for the CGD business and in the HAM project and also can give the BOT portfolio debt amount?

Paresh Mehta: The CGD business is concerned we have already invested Rs.67 Crores and based on the three GA which we have our total equity requirement is approximately Rs.200 Crores, so from that perspective the requirement of another the balance Rs.130 Crores will start from 2022-2023, in 2021-2022 and almost sufficient part of H1 2022-2023 there will be no requirement of equity, it is already invested in now we are drawing on those funds for executing the project.

Vasudev: Thank you and the equity requirements for the HAM project and BOT portfolio debt?

Paresh Mehta: HAM projects, the equity requirement balance for 2021-2022 is approximately Rs.158 Crores and for 2022-2023 Rs.141 Crores this is based on the present existing balance projects which we have under HAM.

Vasudev: And if you can give BOT portfolio debt amount?

Paresh Mehta: BOT portfolio will probably require approximately Rs.40 Crores to 50 Crores of support on a yearly basis.

Vasudev: What is the current debt that we have current?

Paresh Mehta: Current debt on?

Vasudev: BOT portfolio?

Paresh Mehta: On the BOT portfolio we have Rs.3,356 Crores and on HAM project is around Rs.2,000 Crores.

Vasudev: Sir, on the ACL portfolio what are the equity and the debt amount like the equity invested till date and debt?

Paresh Mehta: There is only one debt on ACLs balance sheet that is Rs.250 Crores of NCD which we have raised in the last quarter, otherwise total equity which has been infused is around Rs.2700 Crores approximately.

Vasudev: I want to know the land status for the Tumkur Shimoga package 3 and package 4 and also for the Memmadpur-Banur-Kharar corridor project?

Satish Parakh: These three have almost 87.85% of land available to us and TS-4 around 80.05% is available, so TS-4 now they are in the process of giving appointed date.

Vasudev: And that corridor project?

Satish Parakh: Which corridor, IT corridor, Punjab?

Vasudev: Yes.

Satish Parakh: In Punjab actually they have done 90% of 3G and they are in process of doing 3H, 3H is getting bit delayed because of the availability of manpower by the state and now they have already gone into election mode, so 3H is getting delayed in this IT corridor project.

Vasudev: Sir, about the capex things, so what is the capex that you have done in Q2 and what we are planning for the next half of the year?

Paresh Mehta: Other than the equity requirement capex is not very significant, it would be within a range of Rs.20 to 25 Crores.

Vasudev: Got it, Sir and lastly if you can give me the revenue breakup segment wise for the second quarter?

Paresh Mehta: So, for second quarter on the roads front it is around 649 Crores, on the power front it is 47 Crores, railway front it is 141 Crores, CGD approximately 5 Crores and RMC would be 31 Crores and rest is other.

Vasudev: And one last question, what is the order intake that you are planning for the second half?

Satish Parakh: Order intake we are looking at another Rs.2000 Crores to 3000 Crores. Rs. 5000 Crores already we have done so another than 3000 Crores should be.

Vasudev: Got it, Sir. Thank you so much and all the best.

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

Jiten Rushi: Good afternoon, Sir. Thanks for taking my question. My first question would be on the outstanding in the power T&D business, so there were some debtors, which was outstanding in the last quarter also some what is the status as now the power?

Paresh Mehta: So, on the power net position is approximately 130 Crores, and you want?

Jiten Rushi: You said that last time we had around 198 Crores pending on Bihar and Jharkhand around 250 Crores?

Paresh Mehta: State wise on a gross basis there are numbers, this is our net of advances and WPI, if you want a gross basis power is Rs.315 Crores debtors, which includes regular receivables, old amounts, retention.

Jiten Rushi: Any state wise break-up possible as of now or we will take it offline?

Paresh Mehta: Yes, we can take it offline but just on state wise on Bihar we had approximately this is roads and power and railway Bihar will be approximately Rs.157 Crores, Jharkhand Rs.143 Crores, can you take it offline?

Jiten Rushi: I will take it offline and Sir, on the Tumkur Shimoga package 3 we have received, appointed date, for package IV you said that expect soon, what about package 3 have we received?

Satish Parakh: Three we have received, yes.

Jiten Rushi: What is the date, Sir?

Satish Parakh: July.

Jiten Rushi: And on the balance sheet side can you give number of mobilization advance, outstanding retention and unbilled revenues as on September?

Paresh Mehta: On the mobilization side total number is Rs.278 Crores, for road, railways and power it all includes.

Jiten Rushi: And retention and unbilled?

Paresh Mehta: Retention and unbilled would be approximately Rs.338 Crores is retention and the unbilled WIP is 779 Crores, this is majorly in road because these are in certain cases they are some milestone payments so they will get released in this quarter, road EPC and road HAM is approximately Rs.570 Crores.

Jiten Rushi: Sir, on the order inflow you said we have received around 3500 Crores inflow, but if you see the announcement it comes to almost like 4800 Crores to 5000 Crores because you had received Gujarat project and then Maldives, which is around 1000 Crores and this Ambala project Punjab 648 is gone so it is just confused like your inflows has been good, so is there any cancellation of projects in the order inflow or what is the status?

Satish Parakh: No, numbers are absolutely correct whatever has been announced and whatever we are seeing absolutely matching there is no cancellation or nothing.

Jiten Rushi: Any progress on the Maldives project and the hospital project which is again in the West Bengal Road EPC project and what are the status on these projects because your executing orders seems to be lower compared to EV order backlog overall so when can we see the order backlog fully executable?

Satish Parakh: Execution of Maldives or Adani project or even Assam, which we have got for TS-IV, Punjab project, G-ride all this were starting in Q4.

Jiten Rushi: Finally bank limits utilized and unutilized portion?

Paresh Mehta: Bank limits we have for almost non-fund base almost around say Rs.2000 Crores odd and fund base around Rs.200 Crores unutilized.

Jiten Rushi: So, total limit would be how much for non-fund base and fund base?

Paresh Mehta: For no-fund base it would be approximately Rs.4,000 Crores and fund base cc limits would be around Rs.350 Crores.

Jiten Rushi: I have more questions, I will come back in the queue. Thank you, Sir and all the best.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL. Please go ahead.

Anupam Gupta: Thank you, Sir for the opportunity. I just have one question, I wanted to understand the contract between the HAM SPV and the EPC, so how do you account for raw material inflation which is there, where does the inflation get booked whether in the HAM SPV or whether it get booked in the EPC?

Paresh Mehta: The escalation which is the estimated escalation above the projected escalation is passed on to the EPC contractor.

Anupam Gupta: So, the overall project cost for HAM remains the same and EPC margin contract?

Paresh Mehta: Yes, if contracts/increase depending, just get compensated if there is an excess escalation received from NHAI vis-à-vis the projected project cost at the time of financial closure.

Anupam Gupta: But there is no possibility of increasing the debt portion sanction from the banks for the higher cost, right that is not a possibility?

Paresh Mehta: No.

Anupam Gupta: That is all I want to know. Thank you.

Moderator: Thank you. The next question is from the line of Bharani Vijay from Spark Capital. Please go ahead.

Bharani Vijay: Good afternoon, Sir. Sir, regarding the hybrid projects, there were two concerns especially when it comes to valuation and sale out these assets, one was this GST on the annuity payments I think that is resolved now, second is this bank rate, which reduced, which resulted in the overall IRR getting impacted and because we have in our portfolio lot of projects which we won in the initial 2017-2018 period, so how do you see this affecting our ability to monetize these assets going forward and what is the way out for this?

Paresh Mehta: So are two or three assets which we bid where the difference of RBI lending rate was slightly sizable so definitely it has taken some hit on the valuation of those SPV, but according we will have to take a step and bite the bullet if it is required or then we will retain the asset and try to the ride the way while the RBI lending rate, but if you get a good valuation which is closer to the estimated because investors also futuristic they consider higher RBI lending rate in future so from that perspective if they are closer to our initial value expectations we may monetize that asset two, so that negotiation definitely is going on now.

Bharani Vijay: So, essentially waiting for the interest rates in the economy growing up would be one of the ways including the valuation?

Paresh Mehta: Right, correct.

Bharani Vijay: Secondly, on the debt that we have outside the EPC business so you mentioned the BOT portfolio has a debt of 3,356 Crores and the HAM project so far we about 2,000 Crores so after this SBI Macquarie deal say in the next one or two quarters this BOT portfolio debt would be totally out of the consolidated number, correct?

Paresh Mehta: Right.

Bharani Vijay: And you are telling the cash support from the parent to all these assets put together is around 50 Crores per year?

Paresh Mehta: Yes.

Bharani Vijay: That will also be?

Paresh Mehta: That will also go away.

Bharani Vijay: That will also go away correct, so what we left with probably in the next year is the Rs.2000 Crores debt in the HAM which would of course be increasing as we execute more, right?

Paresh Mehta: Yes.

Bharani Vijay: So, what is the nature of debt repayment in these SPVs, is it the ballooning structure, how is it just me trying to understand?

Paresh Mehta: It is a ballooning structure because the annuity and interest has to be serviced over a period of time, so there is a bit of a ballooning structure in the repayment schedule because if you see the annuity also the principal amount is ballooning similarly here also it will be ballooning structure over the period.

Bharani Vijay: Why I am asking is whatever cash is required for this HAM projects would be generated by each of the SPV you do not foresee any shortfall there?

Paresh Mehta: No, we do not foresee any shortfall.

Bharani Vijay: Right Sir, I basically require yearly repayment schedule of these assets probably for which I will get in touch with you offline. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Sushant Verma an Individual Investor. Please go ahead.

Sushant Verma: Sir, I have been attending your conference call for the last couple of quarters and I always see you talking pretty good about the pipeline and the number of projects, the support from the government and everything else and your order book is also pretty good actually, but somehow I find your performance to be a bit lackluster, I do not see that kind of confidence, which I had got about maybe three quarters back from the management team so is there a problem in terms of executing the project or is it just I mean the nature of the business right now I am really worried as an individual investor?

Satish Parakh: See, the nature of business is such that the starting of the project is very important winning and then starting, so there has been a delayed start in most of the projects due to the land acquisition issues and other issues in most of the project, so if you see Q4 is very optimistic around six projects are starting in Q4, which was supposed to start in Q2 and Q3, particularly Tumkur – Shivamogga delayed almost by a year from various issues, COVID and then land acquisition, so this business is all about the entire highway sector is completely depend upon land acquisition though NHAI always say they would award 80%, but getting this 80% actually on ground does take time.

Sushant Verma: Understood, Sir so that would eventually mean that even Q3 performance may not be great, I mean if I am to extrapolate that?

Satish Parakh: Q3 we are having good projects in hand in Q2 and Q3, Bundelkhand, TS3, two Bihar packages these are all at the advanced stage of execution so they will throw up a good number, but Q4 again will be starting of the projects, so execution will start, but numbers will always pick up when projects are really like 6 months down the line.

Sushant Verma: Sir, next question is about the SBI Macquarie deal of course you have been sharing everything openly in all the call, but somehow I feel it is a moving target I think we thought it would probably get over by Q2 now it is probably Q4, so is there a major struggle in that or again it is all to do with the market dynamics right now?

Satish Parakh: No, basically these are set of projects where we have annuity, where we have BOT projects, where we have Hybrid annuity projects, so evaluation and due diligence of these projects take huge time for the investors and then there is a process for getting permissions from the authorities, so basically due diligence because of the nature of projects are varied and the mix is completely from state to NHAI from hybrid to BOT, so the whole evaluation process does take time.

Sushant Verma: Right, Sir, thank you very much and all the very best. Thank you.

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

Vibhor Singhal: Good afternoon, Sir. Thanks for taking my question again, two more questions from my side, one is on the overall strategy of business right now we have now ventured into railways, power transmission and now we have got our order book in building segments also of course we used to be building before itself, so at the company level what are we now looking to actively diversify beyond the road segment given the competition that we are seeing in the NHAI projects and more and more orders going forward in the next one or two years we could expect a larger share of order are compared to before coming from these non-road segments?

Satish Parakh: Overall the strategy, as I explained last time also it will be 70:30, 70% will always compromise of roads and railways and 30% would be new sectors like buildings giving us a very good impetus and power T&D, railway is always a mix of semi and electrical or electro mechanical depending upon which we get, but normally the ratio would be like 70:30 for at least next two year.

Vibhor Singhal: Got it, Sir and in terms of HAM project I mean given that right now we are let us say very close to strong level at least if not a complete portfolio from a asset sale in the BOT and you just mentioned that probably how much of sale would take a priority later on and also I think in the market there is group supply of HAM projects which are there so as said they are not easy to be materialized so going forward would be open to take more and more HAM project than BOT in the road segment or will we find out the way to reduce the equity requirement for the standalone balance sheet?

Satish Parakh: We would be definitely bidding for EPC as well as we will be participating in HAM projects because anyway HAM is going to remain as a business strategy going ahead.

Vibhor Singhal: Right Sir, just a last question, so given that we are looking for maybe not a complete BOT portfolio sales and lets us say for example we end up selling some of the good BOT project which are generating good cash flows and let say we did Sambalpur or some other projects which are not getting cash flows are not the one which we are able to sell off then we might end up in a situation in which our 40 Crores to 50 Crores of annual funding requirement which is the net something requirement actually increase because positive cash flow from the good assets might no longer be there and we might have to fund the higher loss from our standalone numbers and then on top of that you also have the equity requirement of the current HAM project and the future HAM projects as well, so do you foresee the situation leading us maybe more incremental write off and shift from the balance sheet?

Paresh Mehta: No, we do not think that any of projects which we have put on the block we will not sell so there is always a value and recovery will be there and we will be able to sell, so really do not envisage that the project will be left out in the process, it maybe a couple of months plus or minus, but otherwise we definitely have it.

Vibhor Singhal: Got it, thank you so much for taking my question and wish you all the best.

Moderator: Thank you. The next question is from the line of Subhadip Mitra from JM Financial. Please go ahead.

Subhadip Mitra: Thank you for the opportunity. I am sorry I have joined the call a little late, so my questions might be a repeat or something you have already answered before, my first question is with regard to what is your guidance with regard to the current year's revenue for the full year for FY2022 and the margin guidance is there any change?

Satish Parakh: Guidance we had said we will be around 20% will be guidance, margins would remain in same region as they are today.

Subhadip Mitra: Okay the same range as what you have done in the first half?

Satish Parakh: Right.

Subhadip Mitra: Understood, secondly you also had a solar EPC project for NTPC if I remember correctly I think last time we spoke what you were mentioning is we were still to procure the module, so has there been any progress on that in terms of module procurement, are you looking at any loss in this given that module prices have spiked?

Satish Parakh: Yes, there were no sudden spike in the module prices across and entire industry is suffering on that, as an industry as a whole we have taken that to NTPC and they are trying to find out solution to this particular problem of spike of modules, no purchasing order has been placed yet.

Subhadip Mitra: Thanks, that is it from my side.

Moderator: Thank you. The next question is from the line of Mangesh Bhadang from Nirmal Bang Equities. Please go ahead.

Mangesh Bhadang: Sir, a couple of questions from my side, so I just wanted to know how much is the subordinate debt as well as the loans and advances that we have given for the assets that we are planning to hive off and what is that realistic assumption of how much of that will come back to the company if it is 100% or you think that there could be lower than that and second question is after the deal how do we expect the capital allocation of the company is going to be, so basically whether the focus would be on the road and then followed by EPC or probably something like CGD or any venture wherein capital commitment is on the higher side would be looked at?

Paresh Mehta: So, the subordinate debt as we have already said ABL has supported ACL for approximately 950 Crores odd of which approximately 200 Crores is interest so 750 Crores cash, so that is supporting the SPVs through ACL for equity structure is in the form of pure equity or debt structures, so that is how it works at between ABL, ACL and SPV.

Mangesh Bhadang: So, that money will come back right anything post the deal?

Satish Parakh: Yes, how valuation stack up and what we actually close the deal.

Mangesh Bhadang: And on the capital allocation, would we be looking at any opportunities in the spaces wherein the airports or any other space where in the capital commitment would be there or you would be sticking with EPC or maximum HAM?

Satish Parakh: Major focus will be EPC, but HAM which is another model of EPC road projects, we will definitely continue to bid for HAM projects where we will get into structures with long term equity investment, fund equity, I think depend in future but otherwise HAM is definitely our area, other areas we are typically focusing on without cash PPC contracts.

Mangesh Bhadang: Thanks a lot, Sir.

Moderator: Thank you. As there are no further questions in queue, I now hand the conference over to the management for their closing comments.

Satish Parakh: We thank everybody for joining this call and we are open for any questions and answers offline, you can get in touch with myself or Stellar, thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Nirmal Bang Equities Private Limited, that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.