“Ashoka Buildcon Ltd Earnings Conference Call”

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Moderator Ladies and gentlemen, good day and welcome to the Q3 FY12 conference call of Ashoka Buildcon. As a reminder all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the Conference please signal an operator by pressing * and 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Satish Parakh, Managing Director of Ashoka Buildcon. Thank you and over to you Sir.

Satish Parakh Good afternoon friends, it is my pleasure in welcoming you all for the discussion for all our audited quarterly results for Quarter 3 FY12.

I would like to take you to some of the key developments of the Company in the last quarter. We are happy to announce a new project baged for toll BOT basis for 2 to 4 laning of Cuttack to Angul section on NH-42 in the State of Orissa. This is 112 kilometers section and is towards the South of NH-6 and located in the mining and metal belt of Orissa. The concession period for this project is 23 years and the project cost would be around Rs. 1,100 crores. In addition to this, we won turnkey EPC contract in power TMB of Rs. 400 crores. The LOAs received from MSEDCL and this is part of RAPDR which is Rural Acceleration Power Development Reform. The project will be executed in Amravati, Aurangabad, Nanded and Latur zones of Maharashtra. The period of completion for this is 24 months.

For our project to 4 to 6 laning project of Dankuni to Kharagpur section we have tied up debt with Axis Bank and we expect to receive appointed date from NHAI very soon. The construction work on our Durg project and Jaora-Nayagaon project are completed. We are in the process of completing various formalities and expect to start the toll very soon. Our current order of positions stands at Rs. 4,312 crores excluding our Cuttack -Angul order. This total balance order divided in two segments, road projects is 86% of our total order book and remaining 14% is power T&D. Now on equity requirements we have formed a holding company of few of our large projects, we are at an advanced stage of raising private equity as a holding company level. We are looking at raising around $100 – 150 million. This will take care of our equity for existing projects as well as future projects. Now, I would like to hand over to our CFO, Mr. Paresh Mehta to present the results of quarter three FY12.

Paresh Mehta Good evening friends, this is Paresh Mehta. I believe you had an opportunity to look at the analyst presentation which has been posted on our website. I would now present the result of Q3 FY12, The consolidated revenue for the quarter is Rs. 352.9 crores and net profit Rs. 90.5 crores. Out of the total consolidated income construction revenue for the quarter is Rs. 265.4 crores, toll revenues for the quarter are 64.3 crores mainly attributed to start of toll collection under Belgaum-Dharwad project from May 2011. EBITDA for Q3 FY12 is Rs. 69.1 crores, interest cost is Rs. 27.3 crores and deprecation cost is Rs. 29 crores for Q3 FY12. Profit before tax is Rs. 26.6 crores and profit after tax is Rs. 15.4 crores in Q3 FY12. Post-minority interest, the profit after tax would be Rs. 19.5 crores. We can now take up question and answers. Thanks.

Moderator Thank you. We will now begin the question and answer session. The first question is from Ajit Motwani from Emkay Global. Please go ahead.

Ajit Motwani Yes, just wanted to know you said that SPV has been formed where you are looking to raise money and the projects are sort of transferred? Can I know which of the projects are you looking to transfer to this SPV?

Paresh Mehta These are basically seven projects as of date, the Bhandara project – the investment in the Bhandara project, the Durg project, the Belgaum-Dharwad project, the Sambalpur project, the Dhankuni project, the Jaora-Nayagaon project and the PNG toll-based project.

Ajit Motwani Okay, so basically in projects like Jaora-Nayagaon and Bhandara where you actually do not own 100%, the investment book has sort of been transferred?

Paresh Mehta Exactly.

Ajit Motwani Okay, and also just wanted to know when can we expect any meaningful development on these projects in terms of closure of the deal?

Paresh Mehta Basically, we have planned by March '12 we should get the deal done, it may take its own time may be we will not define it but we have targeted March.

Ajit Motwani Okay, and as far as our equity requirements are concerned my guess is that it is closer now after the Angul project, it is closer to about 1200-1300 crores?

Paresh Mehta Around Rs. 1150 crores, yes that is true.

Ajit Motwani Okay, and if you can give us year-wise requirement of equities, how it will pan out to our next three years it is the breakup of Rs. 1150 crores is to be seen?

Paresh Mehta I do not have the year wise pan-out, I have a total consolidated number on how it would pan-out. Basically as we have discussed in the previous call, EPC business including the Cuttack-Angul which is around Rs.5000 crores of business will give us a cash flow of around Rs. 500 crores. The BOT business for the next 3.5 years because Angul is going to be invested over the period of 3 to 4 years' time would give us a revenue of around Rs. 350 crores, a 3.5 years of revenue for at least Rs. 100 crores each year overflow in the BOT projects and then there would be typically otherwise, there would be Rs. 300 crores which has to be garnered which probably can be taken because now we have 3.5 to 4 year of investment, there could be routes of securitization as well as some kind of debt on the balance sheet too if need be. But if this equity deal which we are targeting happens, then the two options of securitization and balance sheet could be left aside.

Ajit Motwani Okay, sure. But you won't have a year wise infusion of the equity?

Paresh Mehta Not at present, I could share it over.

Ajit Motwani Okay and Sir, one question is on this margin is in the BOT segment if I look at, even in the December quarter last year they had fallen from about 84% to 65% this quarter, from 74% in September they have fallen to about 62. Just wanted to know are there any one-offs, first of all or this is normally the trend we should expect in the December quarter?

Paresh Mehta See, last December quarter it was low because we had taken a major maintenance in two of our projects in that year itself - that month itself. As far as this quarter is concerned major maintenance is only on one of the projects that is the Indore-Edlabad and regular maintenance expenditure for Bhandara project of approximately Rs. 3.7 crores has been booked in the accounts for this year that is, this quarter.

Ajit Motwani Okay and how much was it on Indore-Edlabad?

Paresh Mehta It was around Rs.6.5 crores.

Ajit Motwani So 6 1/2 was major maintenance right?

Paresh Mehta Major part, it is stangard over a period of time because it is a three-phase project, so it comes over a period of time. So six crores this quarter and the next quarter will be around another 4 or 5 crores.

Ajit Motwani Okay so over next two quarters you will spend about Rs. 11 crores on major maintenance?

Paresh Mehta 11-12 crores, yes.

Ajit Motwani Yes, and in Bhandara you are saying this is routine expenditure of 3.7, so…

Paresh Mehta Yes, that was from 1st April to December which was accounted in December end, the bills were cleared in December end.

Ajit Motwani Okay so basically you are saying 3.7 is actually for nine months but only booked in this quarter?

Paresh Mehta December, yes.

Ajit Motwani Had it been evened out it would have been 3.7 divided by three, correct?

Paresh Mehta Three, yes.

Ajit Motwani Okay, that's it from my side.

Paresh Mehta Alright.

Moderator Thank you, the next question is from Nimisha Agrawal from CRISIL, please go ahead.

Nimisha Agrawal Sir, just wanted to ask you that at what interest rate has the debt been tied for Dhankuni-Kharagpur project?

Paresh Mehta This debt has been underwritten by Axis bank and the rate of interest is 12.25 %.

Nimisha Agrawal Okay, thank you so Sir.

Paresh Mehta Alright, thank you.

Moderator Thank you, the next question is from Vinay Rohit from ICICI Prudential life insurance, please go ahead.

Vinay Rohit My question is, we see last year your EPC construction revenue was Rs. 274 crores right and this year again we are at Rs. 275 crores…

Paresh Mehta Right.

Vinay Rohit So, while for last two quarter we have seen good growth but this quarter is at same level, so what is the reason Sir?

Paresh Mehta Basically see one of our Project Sambalpur Project the appointed date got was given quite late at we had done our financial closure in February, we thought we would by around May but unfortunately it was given in December. So whatever work we would have to do at Sambalpur we were constrained to do less of what we had expected. So that was a major contributor to the not achieving. We will cover this shortfall of turnover in the next two quarters and I think so we will be reasonably able to match our expected EPC turnover for March end around a range of 20% additional over the last year.

Vinay Rohit Okay and could you give me the breakup of EPC revenue, so how much is from the BOT and how much is from the power sector?

Paresh Mehta See the power sector revenue is approximately Rs. 65-70 crores.

Vinay Rohit Okay.

Paresh Mehta And the balance is on BOT.

Vinay Rohit Okay. And do we have any other road contract apart from our own BOT project?

Paresh Mehta No these are except for the Jaora project and the PNG project where we have minority stake all are where we have 100% stake in the project. So typically project where we have some interest or other.

Vinay Rohit Okay and on a quarterly basis we see other expenditures gone up from Rs. 4 crores to Rs. 10 crores. So what is the reason behind that?

Paresh Mehta Basically other expenditure is mainly due to bank guarantee issued for Dankuni and others so almost substantial portion of bank guarantee commission has been charged these are the project one. Second is because we started mobilization of these projects, Dankuni, Sambalpur so, initial phase the expenditure is there, but revenue does not come according to us, physical progress is higher than the financial progress, so the expenditure looked higher in this two quarters.

Vinay Rohit Okay. Thank you. That is all.

Moderator Thank you. The next question is from Mr. Jitesh Bhanot from Emkay Global. Please go ahead.

Jitesh Bhanot Good evening Sir Thanks for taking my question. Initially Sir on the quarterly number side independently EPC projects and compared to your presentation with last quarter, we feel that you have made some adjustments in terms of your gross toll collection in other line item which has kind of escalated from Rs.856 million to 956 million? Sir can you highlight what is this particular adjustment?

Paresh Mehta You are referring to the presentation. I am not getting knack of what we are exactly talking about.

Jitesh Bhanot Sir, if I am just to cross verify your gross toll collection number.

Paresh Mehta Right

Jitesh Bhanot There is others line-item which says close to Rs.111 million recognized in Q3 and similar amount is recognized in Q2 as well.

Paresh Mehta Yes

Jitesh Bhanot So your overall gross toll collection is close to Rs. 956 million in Q2

Paresh Mehta Correct.

Jitesh Bhanot And Rs. 996 million in Q3

Paresh Mehta Right.

Jitesh Bhanot If we see your last quarter presentation that was Q2 presentation your Q2 FY12 gross toll collection was Rs. 856 million which seems that you have made some adjustment in others line-item which has gone up by 10 odd crores.

Paresh Mehta This is basically the toll collection contract which we have of the Bankapur, that has been added in this. It is a toll collection contract.

Jitesh Bhanot Okay, which particular Project.

Paresh Mehta Bankapur Toll Collection Project.

Jitesh Bhanot Okay. So Sir is there that this particular line item is going to be recurring and we will be close to Rs. 10 odd crores every quarter?

Paresh Mehta It will not be Rs. 10 crores every quarter, it would be see it is a one year contract which is extended up to March as of date because it is to be over by January 15th.

Jitesh Bhanot Okay.

Paresh Mehta It is extended only till March may and post March this item will not be recur.

Jitesh Bhanot Okay. And Sir, is this an entirely, there is any line item or expense line item attached to this particular income is there?

Paresh Mehta It would go into the operation expenses, construction activity fee is added there. It is not the separate line item the expense related to this. So basically what we are doing is collecting toll and giving it to the NHAI a fixed amount.

Jitesh Bhanot Okay. And Sir, second question would be on your tax rate side, there looks to be a exorbitantly higher particular quarter around 40-42%, any particular reason for such a high tax rate?

Paresh Mehta No basically there is no change in the tax structure or rate, it is basically the outcome of the mix of the tax free and taxable revenues EPC is a taxable revenue and what added is, taxing also is, the first quarter it is 15% June quarter and then the December quarter.

Jitesh Bhanot Yes.

Paresh Mehta That is only indication, because we are now paying around 40% of the total year tax by December end.

Jitesh Bhanot Okay. And Sir, one question will be on your the financial closure and the appointed date of Dhankuni-Kharagpur, Sir is there a likelihood that any kind of delays in getting the appointed date would kind of hamper your execution in this quarter as well Sir?

Paresh Mehta typically we don't believe that there would by any delay in release of the appointed date by NHAI, what we target is by 1st of February. Definitely if it is delayed substantially we may have to slightly some activity on the concession may be postponed slightly by a quarter or so, depending on when the appointed date is received.

Jitesh Bhanot Okay. Sir, how much portion have you already completed on Dankuni-Kharagpur in terms of percentage?

Paresh Mehta Around 5% we have done.

Jitesh Bhanot Okay. Sir any bench mark any guidance Sir, that what will it would be like if you do achieve your, because this will be your peak execution quarter that will be coming up in terms of construction, so any kind of numbers in mind that if you do get the appointed date by 1st February, what would be the completion?

Paresh Mehta See basically though we see it affects the peak period for construction, but this time will be majorly physical progress will be very high because Bituminous work is not going to be happening in most of the projects. So physical progress will be very high, so if you talk of Dankuni and presuming that we get by 1st February we probably touch approximately 7% or 7 ½% of the total concession work to be done.

Jitesh Bhanot Okay. And Sir if we do receive this appointed date 1st of February will be collecting starting to collect toll on 1st February or will that be there a time lag in between?

Paresh Mehta No I dont feel that the same day. Even if we get it will be start collect within 7 days of 1st February.

Jitesh Bhanot Okay. And Sir some outlook on the newer project as well the Cuttack-Angul project that we have bagged. Sir, any expected first year guidance that you will share with us, for what the management is looking up in terms of revenue numbers on this project first year?

Paresh Mehta We are just awaiting signing of concession agreement once that is done so then the project is in our hand and we can share the data. In overall what we can just say is that we have done good IRR more than 16.5 to 17% and project will do well.

Jitesh Bhanot Okay. Thanks a lot for taking my question.

Moderator Thank you. The next question is from Mr. Vinod Nair from PINC Research. Please go ahead.

Vinod Nair Yes Sir. If possible to share project wise execution in EPC for example how much we executed this quarter in Sambalpur and Belgaum?

Paresh Mehta We have sort of already in the presentation has covered page 5 five of the presentation, benefit of others I will say , the Durg project is been completed Jaora project also 100% completed, the Sambalpur project is construction work is completed to extent of 15%. Pimpalgaon will be 57%, Belgaum-Dharwad is 24% and Dankuni is approximately is just started. It is 5%.

Vinod Nair And the other income breakup in terms of the EPC and the BOT segment?

Paresh Mehta Other income breakup would typically be broken into some receipts you are aware of CFS?

Vinod Nair Yes Sir.

Paresh Mehta The CFS is majorly composed of interest income and you have to break out other income. I will have to come back.

Vinod Nair Okay Sir.

Paresh Mehta Majorly on the interest on deposits and interest earned on loans given.

Vinod Nair Yes Sir, will it include the Jaora also in terms of proportionate income?

Paresh Mehta No Jaora has not yet started generating income, so it is there.

Vinod Nair And Sir, how do we bifurcate this into the EPC division and the BOT division, is that able to get that?

Paresh Mehta Q3 I think so 12 crore what is pertaining to EPC business 2 crores is pertaining to BOT business.

Vinod Nair Okay. Sir how much

Paresh Mehta Rs. 2 crores Yes.

Vinod Nair Okay. Rs. 2 crores. Sir this quarter for other income for BOT is relatively low, is that also one of the reason why profitability is low?

Paresh Mehta See here this quarter we had delayed rains which also is the an impact, and a slight impact of some low industrial production, there is a small impact on the traffic growth.

Vinod Nair Okay. So for the quarter the traffic growth was also lower.

Paresh Mehta Yes 4% around.

Vinod Nair 4% can you highlight the projects where we saw this?

Paresh Mehta Already the presentation covers it on page 10.

Vinod Nair Okay. Fair enough Sir. What was the toll collection revenue the Bankapur projects?

Paresh Mehta Bankapur project is approximately Rs. 7 crores per quarter.

Vinod Nair Rs. 7 crores per quarter and this Sir, this Dhule Bypass project is now out of book know, I mean we have handed it over. Is that correct?

Paresh Mehta No is still on our books and we still collecting tolls.

Vinod Nair Okay. Sir how much would that be the toll revenue?

Paresh Mehta This would be approximately Rs. 1 crore per quarter. It is a small collection.

Vinod Nair It is shown in others that means.

Paresh Mehta Yes.

Vinod Nair Sir, that this project was likely to be handed over last year, I mean in last year or this half something like that?

Paresh Mehta No here the issue is we have an arbitration award which is in our favor, we still have another five years pending to collect toll on the project. But the order for notification for collecting this toll is given on a period basis by the Government of Maharashtra. So suppose we have toll collection right up to say February end it will again extended so practically legally I can collect up to February and then they extend it.

Vinod Nair Okay Sir, now it is extended by 5 years you said?

Paresh Mehta Okay total 8 years since 3 years back.

Vinod Nair Okay Sir, This is Dhule bypass I am asking?

Paresh Mehta Yes, Dhule bypass.

Vinod Nair Okay. So what is the last date Sir, I mean the last year tenure for this project?

Paresh Mehta Upto 2013.

Vinod Nair 2013. Okay and Sir lastly earlier you had guided that the BOT segment will attain a margin of around 80% over a period of time you had said. Now Sir, you would like to revisit the guidance? I mean going by the last three quarters at least the margins have been on the lower side, so is it likely that it will take some more time to attain this 80% margin?

Paresh Mehta I think so last three quarters it has been less especially quarter 3 has been less because of major maintenance in one of the Indore-Edlabad site and routine maintenance booked in Bhandara site, which are weak projects vis-à-vis other projects. So it will be another year for it to stabilize to 85%.

Vinod Nair Okay. Thank you so much Sir, for taking my question.

Moderator Thank you. Participants are requested to limit their questions to 2 per participant. The next question is from VK Karthikeyaneyan from Suyash Advisors. Please go ahead.

VK Karthikeyaneyan Yes, hi, just wanted to clarify you made a point by raising equity by transferring 7 of your projects, you know you went to the names quite quickly so would you mind repeating the names I heard Bhandara, Durg, Belgaum, Dharwad, and Dankuni the other projects would you be able to tell me the other 3 names.

Paresh Mehta Sambalpur, Jaora-Nayagaon and PNG (Pimpalgaon-Nashik-Gonde).

VK Karthikeyaneyan I just wanted to know two things, one is what time lines are you envisaging for raising equity out here?

Paresh Mehta We intend to freeze our term sheet before March if everything is in order and then regular process of investment and transfer things will happen so.

VK Karthikeyaneyan You are not under pressure to raise money immediately.

Paresh Mehta No, we have no pressure in fact substantial time and good cash flows are available to take care of the projects execution for year and a half.

VK Karthikeyaneyan Right and the combined toll collection in these projects in say FY14 would be how much? In these seven projects?

VK Karthikeyaneyan Yes.

Paresh Mehta It would be approximately 700.

VK Karthikeyaneyan In FY14 and your economic interest out of this would be?

Paresh Mehta Around 500 crores.

VK Karthikeyaneyan And what could your toll collection be next year FY13, overall on a consolidated basis?

Paresh Mehta 750 for overall.

VK Karthikeyaneyan Okay fine, thank you so much.

Moderator Thank you, the next question is from Uma Aggarwal from Sahara Mutual Funds. Please go ahead.

Uma Agarwal Sir, your depreciation has come down substantially as well as interest expenses have come down substantially, can you help me to understand that?

CFO 27.39 No, it's not come down.

Uma Agarwal Depreciation this quarter is 12.76 crores.

Paresh Mehta This quarter depreciation is 29 crores over 24 crores.

Uma Agarwal Okay and sir interest cost?

Paresh Mehta I guess 27 crores over 16 crores.

Moderator Thank you. The next questions from Ajit Motwani from MK Global. Please go ahead.

Ajit Motwani Yes sir, I have this question on tax rate. If you look at the PBT for BOT division is about 3.1 crores correct for the December quarter?

Paresh Mehta For the December quarter?

Ajit Motwani It is 3.1 crores.

Paresh Mehta Yes 3.1 crores.

Ajit Motwani And if I look at the tax expenses about 3.8 crores?

Paresh Mehta Right. There is difference in depreciation charge, that would have an impact and what is happening is the loss which is there in Bhandara is bringing the PBT substantially down. We don't get a benefit of negative tax on the loss. So the Bhandara has got a loss of approximately 35 crores.

Ajit Motwani 35 crores for the quarter you are saying.

Paresh Mehta 27 crores for 9 months. So for the quarter it may be approximately 9 crores prorata. So what happened is this does not have a credit. You don't get a negative tax on that, so that's the reason the PBT looks smaller but the tax looks very heavy.

Ajit Motwani Okay, so it will be a carried forward loss for Bhandara?

Paresh Mehta Correct.

Ajit Motwani And you said that treatment of depreciation is different than…..

Paresh Mehta Yes, depreciation here is on a ballooning method whereas in income tax depreciation on a WDV method.

Ajit Motwani Even on the e BOT road?

Paresh Mehta Right. It's not straightline as per tax rule.

Ajit Motwani But is not linked to toll collections.

Paresh Mehta No, not for income tax purpose.

Ajit Motwani Okay, sure, thanks a lot.

Paresh Mehta Thank you.

Moderator Thank you. The next question is from Vinay Rohit from ICICI Prudential Life Insurance. Please go ahead.

Vinay Rohit Sir the toll collection for Bhandara project has increased by 14% quarter-on-quarter, so there was some leakage. So any particular reason? Have you able to stop that leakage?

Paresh Mehta No there we are still perusing with NHAI for trying to control that but basic change in this revenues we had rate revision in September 2011 to the tune of almost 10%.

Vinay Rohit Okay and what is the debt on a standalone balance sheet?

Paresh Mehta Standalone balance sheet we have approximately 63 crores of term loan and 234 crores of working capital loan which has around short term loans of 120 crores and WC of 140 crores

Vinay Rohit Okay, thank you sir.

Moderator Thank you. The next question is from Manish Kumar from SBI Caps Securities. Please go ahead.

Manish Kumar Thanks for taking my question. Just wanted to understand the other income is relatively higher this quarter could you explain on that?

Paresh Mehta Basically, other income includes interest charge by ABL to Sambalpur project because construction was done and EPC payments were delayed.

Manish Kumar Okay, so how much will be that amount?

Paresh Mehta Approximately 6.5 crores.

Manish Kumar Okay and one of your project the Ahmednagar-Aurangabad project there is a slight decline in toll collection, just wanted to know what is happening over there?

Paresh Mehta What we understand is slight probable dip in industrial activity which when we are seen a bit rise in this last 15-20 days but we will see over of the quarter.

Manish Kumar Okay, thank you so much that's all from my side.

Moderator Thank you. The next question is from Naveen Jain from JM Financial. Please go ahead.

Naveen Jain Yes good evening sir.

Paresh Mehta Good evening.

Naveen Jain Yes, good evening. Sir my question was on capital employed. I don't know if you already answer it because I joined in a little late. What I can see in this quarter I think you have done some reclassification I guess so, your construction and contract division's capital employed seems to have declined quite sharply because I guess the reclassification over last quarter. Could you explain what exactly is happened?

Paresh Mehta Reclassification, from EPC business we have classified on the RMC business.

Naveen Jain No but RMC businesses is a part of sales of good right?

Paresh Mehta Yes.

Naveen Jain So RMC business capital employed has just increased from I think it's about 10 odd crores to about 11 crores but construction business capital employed is gone down from?

Paresh Mehta Reason is realization of debtors has been good on the power front?

Naveen Jain Okay, so your construction contract capital employed is gone down from 273 crores to 70 crore because of that.

Paresh Mehta Realization of power outstanding.

Naveen Jain So you basically realized more than 100 crores.

Paresh Mehta Yes.

Naveen Jain So, which utility or which client was that you know?

Paresh Mehta Here the payments are back-ended that's the reason this has an impact.

Naveen Jain Okay, so it's more of a one-time big relief that we have on the working capital side.

Paresh Mehta Yes, normal cycle we will continue, so it will not have that aberration.

Naveen Jain And also you seem to have done something on your unallocated asset as you know basically transferred some unallocated asset to BOT, so here again because BOT total assets has gone up from 290 crores to about 735 odd crores, so that's again some classification from unallocated to BOT or something like that?

Paresh Mehta Can we come back on that? Can we take that offline? I am not really very sure.

Naveen Jain Okay, maybe I will take that answer from you later but one more question was on the new bidding side basically. When you expect the next round of projects to come up or the next round of bids to open as far as NHAI is concerned?

Satish Parakh We are qualified for few of the projects. RFPs of which are yet to happen and of course we will be very selective in bidding.

Paresh Mehta So actually by March 2012 we expect around 10 projects of 1000 km worth of 10,000 crores should definitely be bid out by NHAI and there are some more so…..

Naveen Jain But for those projects RFPs has not yet been invited?

Satish Parakh RFP has been invited for the entire 10,000 kilometers. We have applied for few and we qualified there, we will be bidding out to those projects.

Naveen Jain Okay, so no bid opened yet as of now.

Paresh Mehta No.

Naveen Jain But I think you know suddenly in November there was so much activity but again in last 2 months nothing much is happened, is there any issue like general lag that is there between two rounds?

Satish Parakh Some lag will always be there between the two rounds but the activity is quite on target as per the as the NHAI is concerned. 4400 km is what they have already awarded in this year. Another 1000 km is under RFP, so 31 projects they have awarded in this year. Another 10 they would award by March. 80% of their target they are trying to meet.

Naveen Jain So, bids are likely to be open somewhere in March itself.

Paresh Mehta Correct.

Naveen Jain Sure. Okay sir, thanks a lot.

Moderator Thank you. The next question is from Jiten Rushi from BP Equities. Please go ahead.

Jiten Rushi What is the L1 status and what is the amount of bid you made this quarter as on date sir?

Satish Parakh Presently there is no L1 bid in order. Cuttack-Angul we have already won and LOAs received by us and we are in the process of signing the concession agreement.

Jiten Rushi And what is the amount of bid?

Satish Parakh The bids are open on the same day.

Jiten Rushi Any updates on what amount of figure and how many road projects you have participated or something like that?

Satish Parakh We have participated around 6 to 7 projects and this is what we have won.

Jiten Rushi I just want to know how about the interest scenario now post-RBI policy and when is the refinancing you see for yourself, for the company now in the near future?

Paresh Mehta Today's policy is definitely an indicator of things to come. The first step is doing a CRR cut. The second step would be a falling interest rates, so we see that over a period of time we will see interest rates loosening out and opportunities would come for refinancing also but it's around 6 months down the line.

Jiten Rushi What is your average cost of borrowing?

Paresh Mehta Our due projects have been tied up at 12-12.25% per annum and some of our old projects at around 13% which are going to be reset in a month's time, up to 12.5% and 12.25%, so the average rate of interest would be by around 12.25 to 12.5%.

Jiten Rushi Sir I wanted to know what is the average increasing toll rates during the quarter and when are the projects up for increasing toll rates in future?

Paresh Mehta Every project has a different schedule like the state projects in Madhya Pradesh have yearly toll rate rise, the state projects in Maharashtra have most of the projects have once in 3 years and NHAI has every April and in some projects every September. It's a mixed bag.

Jiten Rushi Okay so therefore WPI plus something like that

Paresh Mehta NHAI, 3% plus 40% of WPI.

Jiten Rushi What about state projects sir?

Paresh Mehta State projects would be as it's like in Maharashtra is around 25% every 3 years, in Madhya Pradesh it's 7% per year in projects managed by MPRDC, one or two projects is on 24-25% every 3 years, so slightly different policies by different states.

Jiten Rushi Sir any projects which are coming up for changing toll rates which has come for and which is going to come for like in the last quarter and in the quarter coming like?

Paresh Mehta Last quarter definitely there is no project which are doing any rate change, next quarter from 1 April there will be projects like the Indore-Edlabad will come for change, then in September Durg and Bhandara would come for change, then in July the Wainganga project will come for change.

Jiten Rushi Sir Can you send me update.

Paresh Mehta We will send it to you.

Jiten Rushi Sir I just get back to you directly for with my e-mail ID. Thanks a lot sir.

Moderator Thank you. The last question is from Chockalingam Narayanan from Deutsche Bank. Please go ahead.

Chockalingam Narayanan Hi sir, thanks taking my question. Just want to understand apart from NHAI which are the other states you are seeing ordering activity and secondly as far as NHAI projects are concerned for FY13 how does the pipeline look?

Satish Parakh See the other state wise activity if we see Madhya Pradesh is quite active. They normally bid out projects from 50 crores to around 700-800 crores. Rajasthan is another government which is bidding out BOT projects in the range of 500 crores each. Maharashtra should pick up some activity now; these are the basically 3 states where we are generally interested. NHAI out of 100 projects which they have planned, 20 projects are already bid out so 80 projects are still to be bid out by NHAI.

Chockalingam Narayanan Okay but in terms of land acquisitions, what kind of comfort do the developers have if there some sense on that?

Satish Parakh Land acquisition for them remains as they were earlier and with a new policy coming in we may face some teething problems. It really needs a lot of efforts at the state level. One has to be really selective in choosing states and we really need to understand the state loss to handle these issues. So it is a NHAI responsibility definitely entrepreneur has to play his role in all this.

Chockalingam Narayanan Okay sir, as far as what you are mentioning about the state orders in terms of Madhya Pradesh, Rajasthan as well as Maharashtra, in terms of yearly basis what could be the opportunity size in terms of number of projects overall in terms of amount of activity if that's possible?

Satish Parakh Amount of activity we expect around 10,000-15,000 crores in the states for year and that at NHAI level we expect around say 70,000 crores next year.

Chockalingam Narayanan This 10,000-15,000 is only cross these 3 states?

Satish Parakh Yes I am discussing only of this three but other than this there is Punjab other than this there are other states like Tamil Nadu and Karnataka also looking for BOT opportunities. So each state would throw around 15,000 to 20, 000 crores

Chockalingam Narayanan And what about EPC activity apart from BOT opportunities is there EPC opportunities also coming across or?

Satish Parakh Yes EPC an opportunity is coming up in NHAI as well as states both places, we expect similar amount of EPC activities.

Chockalingam Narayanan So now this 70,000 crores of NHAI activity that you mentioning includes the EPC?

Satish Parakh They are trying to prepare a new EPC model if that is in place they would be throwing up lot of opportunities for all the highways which do not attract much of traffic but they have potential to attract in future, so these all may come in EPC.

Chockalingam Narayanan Okay and sir lastly on the power T&D side in terms of how is the competitive intensity now in some of these EPC orders.

Satish Parakh Competition has been as it was earlier; there are around 10 to 12 players.

Chockalingam Narayanan Okay, but in terms of margins if you could how has that moved and how is the working capital cycles in that particular part of the business is looking like?

Satish Parakh As explained by our CFO it is back-ended yet most of the money released at the commissioning of the entire projects but otherwise margins wise what we have done last year is more than 6.5 to 7% PAT around.

Chockalingam Narayanan 6.5 to7% PAT?

Paresh Mehta Yes, around 11-11.5% EBITDA

Chockalingam Narayanan Okay and when you mean receivables are back-ended what sort of receivables days are these?

Satish Parakh See around 70% of the payment is made during construction and 30% is typically locked in for commissioning in all the final approvals and everything, so around you say 20% of your project cost is back-ended released its almost at the end of 12 months.

Chockalingam Narayanan Okay, thanks a lot sir. Thanks taking my questions.

Paresh Mehta Thank you.

Moderator Thank you. Ladies and Gentlemen that was the last question; I would now like to hand over the floor to Mr.Paresh Mehta for closing comments.

Paresh Mehta I thank all the participants for hearing us out and we will speak again may be in the next quarter. Thanks a lot.

Moderator Thank you on behalf of Ashoka Buildcon That concludes this conference. Thank you for joining us and you may now disconnect your line.