

23 August, 2011

Moderator:

Ladies and gentleman good day and welcome to the conference call of Ashoka Buildcon Limited to discuss their Q1FY12 results hosted by Emkay Global Financial Services. We have with us today Mr. Satish Parakh, Managing Director and Mr. Paresh Mehta, CFO. As a reminder, all participant lines will be in the 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 this conference call, please signal an operator by pressing * and then 0 on your touch tone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Ajit Motwani, Senior Research Analyst at Emkay Global. Thank you and over to you sir.

Ajit Motwani:

I would like to welcome the management of Ashoka Buildcon Limited today and thank them for giving us this opportunity to host this earnings call. I would now like to hand over the call to Mr. Paresh Mehta for his opening remarks on the quarterly results.

Paresh Mehta:

I welcome you all for the discussion on our audited quarterly results for Q1FY12. Along with me I have Mr. Satish Parakh, our managing director and SGA, our Investor Relation Advisor. Before I present the results, I would request Mr. Satish Parakh to give an overview on some of the development that has happened during the quarter.

Satish Parakh:

I am pleased to report on some of the key events of the company in the first quarter of current financial year that is FY12. First I will take you through the projects under operations. In project under operation, we have seen a traffic growth in the region of 5 to 7% compared to corresponding period of previous year. In most of the cases, the growth is in line with our expectations except at our Bhandara project. Here we have seen a dip of around 10 to 12% in the traffic than estimated. For the projects under construction we have substantially completed construction of two of our projects Durg and Jaora-Nayagaon.

We expect to start toll collections for Durg project in Q3 of this year. The Jaora project which is a three section project, toll collection on two sections has already been started and the collection on the third section is also expected in Q3 of FY12. The other projects in the construction Sambalpur-Baragarh, and Belgaum-Dharwad. We have commenced mobilization on Sambalpur-Baragarh and construction activities already began on Belgaum Dharwad. The construction of PNG is also progressing well. We have completed approximately 45% of the project construction. We expect to complete this in schedule time.

For our Dhankuni-Kharagpur project, we have signed the Concession Agreement in the month of June 2011. We have commenced the work for financial closure. We expect to achieve FC by Q4 of current year and start the toll thereafter. This being four to six lane projects.

On the EPC front, our current order book stands at Rs. 4,367 cr. Out of which, road projects are 94% and 6% of power T&D. Overall 20 projects are operational, six are under construction. We have completed around 3,000 lane kilometers of road till date and 2,500 lane kilometers is under construction.

On bidding front, our company in standalone business is now qualified for around 2,000 Crs of NHAI projects based on the network as on March 31st, 2011. With this, I would request Paresh Mehta to present the results of our quarter one of current year. Thank you.

Paresh Mehta:

Good evening friends. I believe you must have already had a look at the analyst presentation, which we have already uploaded on our website and even has been circulated by SGA.

Before we present the result of the year, I would like to highlight on accounting policy adopted for toll collection for Four to Six Laning project and for the recognition and amortization of the premiums paid on that project. For the Four to Six Laning project, the toll collections during the concession period, net of O&M expenses will be credited to the capital WIP. The premium payable by the SPV over the concession period will be capitalized in the gross block of the capital WIP and the same will be amortized post concession period.

Now I would like to present the results for Q1FY2012. The consolidated income for the quarter is Rs. 388 Crs within an EBITDA of Rs. 97 Crs and the net profit of Rs. 30.9 Crs. Out of the total consolidated income, construction revenue for the quarter is Rs. 302 Crs, toll revenues for the quarter is Rs. 64 Crs against toll revenue of Rs. 44 Crs in the previous Q1FY11. The growth in toll revenue compared to corresponding previous year is mainly attributed to start of toll collection on Bhandara project in Q3FY11. Interest cost is Rs. 23.38 Crs and the depreciation cost is Rs. 27.1 Crs for Q1FY12 the increase is mainly attributed to capitalization of Bhandara project. To summarize, out of the 24 projects, we are already collecting toll on 20 projects and we expect to commence toll collection on additional two projects, that is, in the Durg project and the Dhankuni project during the current financial year. I would now open the floor for question and answers.

Moderator:

Thank you. Ladies and gentleman, we will now begin with the question and answer session. We have the first question from the line of Shashi Kiran from Standard Chartered Securities, please go ahead.

Question and Answer Session

Shashi Kiran:

Could you throw some light on what is the requirement for making this accounting policy change regarding toll collection or recognition of revenues from toll collection?

Paresh Mehta:

At the outset, I would like to mention there is no change in accounting policy. This is the first project where the company has achieved appointed date, that is, the Belgaum-Dharwad project, which is a four to six lane project. Here the significant nature of the project is, you start toll collection during the construction period. So as per the guidelines of NHAI, this opportunity to collect toll during concession period is basically the intent of subsidising the cost of the project. One is from this angle and secondly, the toll collected is adjusted through the WIP where we save tax on the initial 3 year which is conservation of equity for the SPV.

Shashi Kiran:

Okay, but is this allowed as per the tax?

Paresh Mehta:

It being a first set of projects which have come in the last year, I think so. They have to be yet tested in principally. Whatever opinions we have taken, we have a good chance of getting the amount not being taxed and adjusted from capital account.

Shashi Kiran:

So that would correspondingly reduce your gross block?

Paresh Mehta

Yes, it's right.

Shashi Kiran:

Okay. My second question is on the overall outlook, how do you see the industry outlook on regards to bidding in this environment? Are the projects coming up for bidding or are you facing significant competition for smaller and shrinking pipeline?

Satish Parakh:

There are significant number of projects which are in pipeline. More than around 100 projects are already in a preliminary project reports stage and there are a lot of projects. We have also qualified for more than 35 projects and around 100 projects are lined up. So there is a huge amount of projects coming up, but yes there is competition. There are quite a number of bidders also. More than 100 people have been qualified in the yearly qualification test. So the scenario is bit aggressive and it may remain for some time.

Shashi Kiran:

In this environment, what would be the good project and equity IRR?

Satish Parakh:

See our equity IRR hurdle rate is 16% to 18% and we would stick to this. We have been selective in our projects right from the start with 12 years of experience in this field. We have good chance of bidding selective projects and then bagging it.

Shashi Kiran:

Okay and to get back to that question of the point one toll collection adjustment, we have noted that if this is not done by any other player in this phase, are you sure that this adjustment would be given?

Satish Parakh:

We have taken opinions from various consultants or auditors have also very much agreed to what we have finalized. So after a thorough discussions from various companies who are in the field, and their projects are also going for four to six laning tolling. There are two opinions, we are followed this.

Moderator:

Thank you. The next question is from the line of Vinay Rohit from ICICI Prudential Life Insurance, please go ahead.

Vinay Rohit:

What are we expecting from Jaora Nayagaon project once tolling on third segment start as we have seen decline in traffic in Bhandara project, do we foresee any such events in there?

Satish Parakh:

See Jaora Nayagaon, two sections of tolling have already started and traffic is already to the tune of expectations. We don't expect any dip there because traffic is already plying on our roads and we are collecting in two of the consecutive sections.

Vinay Rohit:

Okay so we still expect 2.8 million per day?

Satish Parakh:

That's true...

Vinay Rohit:

Okay and could you tell me what is the EPC work pending for Pimpalgaon-Nashik project?

Satish Parakh:

Pimpalgaon-Nashik project, we are doing 45% of the EPC, out of our 45% we have completed 45% of the work. So we are expecting this to complete before scheduled completion date, which is June FY12.

Vinay Rohit:

Okay, so as we have seen traffic revenue from Ahmednagar-Aurangabad project has declined, could you tell us more about it. I mean what was the reason?

Paresh Mehta:

This you see in the 3 months performance, though in this period we have not seen a lot of traction. There is no specific reason. I believe it will catch up over the period of time. We have seen the growth happening year on year, quarter on quarter. So, we are not really very concerned because in the short period. Traffic will pick post September.

Vinay Rohit:

And you mentioned that you have seen declined of 10 to 12% in Bhandara project. So do you expect it to improve or it will remain...?

Satish Parakh:

This should improve within a period of two years because part of the sections are still two lane like, you know Nagpur Bhandara is still a two lane existing road and even the parts are getting completed on further stretches of NH6. So we do expect as industrial activity picks up in Nagpur-Raipur. We should expect a good growth in these sectors.

Vinay Rohit:

Okay and issue with Pune-Shirur project, when do we expect it to get solved?

Satish Parakh:

See, Pune-Shirur issue was raised by one of the NGOs for overlay, which was as per we were concerned, it was not due. As per government was concerned, it was due. So we completed the overlay and we started tolling. Pune-Shirur we had two tolls, so one of the toll has been allowed to start, another toll, there are local issues and a lot of traffic congestion happens on that particular location. So government is trying to either compensate us for that toll or they may increase our toll period on another toll. So that issue is being discussed with government and may be within four to five months, we should be able to finalize the result, but as of now, on one toll already we are collecting.

Vinay Rohit:

okay and out of this order book of 41 billion roads, how much would be captive and how much would be cash?

Paresh Mehta:

Out of Rs.4,367 Cr. order book which is balance, Rs.4,100 Cr. is pertaining to road projects, which are projects where we have our interest of our own, so they are all BOT project and Rs.267 Cr is order pertaining to distribution sector, which is purely third party.

Moderator:

Thank you. Mr. Motwani would you like to go ahead with your questions.

Ajit Motwani:

Yes, if I look at your revenues from Indore – Edalabad project is gone up about 13.2% sequentially and also similar is the case with Devas whether sequential revenue growth was about 10 odd percent, could you be able to tell us like in this quarter whether any toll hikes on these projects taken up?

Paresh Mehta:

On the Indore-Edalabad project, there was a toll hike of 7% with effect from 1st April. So you can attribute 6% to traffic growth and 7% to toll rate rise. And the Devas' project, there is no toll rate rise in this year. So everything is attributed to traffic growth.

Ajit Motwani:

Okay and on Belgaum -Dharwad, what has been your daily collection?

Paresh Mehta:

On the Belgaum-Dharwad, we are collecting approximately Rs. 15 lakhs per day and they are almost in line with our estimate and we believe that the numbers which we have estimated will be matched throughout the year also.

Ajit Motwani:

Okay and on the financial closure for Dhankuni project like out of the Rs 2,200Cr project, what is in terms of equity requirement the company has finalized?

Paresh Mehta:

Basically in this project EPC cost is of 2,018 Crs plus IDC and other expenses, which is approximately 2,200 Crs and we have tied up this project cost with an Rs.1,800 Cr debt. Our 300 Cr equity to be invested during the course of construction and 100 Crs of internal accruals, which is coming from whatever surplus we receive between the toll collection and the premium paid to the NHAI and around Rs 300 Crs would be required for funding the cash flows in the next 3 years after construction is over.

Ajit Motwani:

So you are seeing out of the Rs 2,200 Crs toll project cost, you are looking at about Rs 1800 odd Crs of debt?

Paresh Mehta:

Yes.

Ajit Motwani

Because that's significantly higher in terms of leverage. So I wanted to know have you got any initial feedback from the bankers in terms of?

Paresh Mehta:

We have almost freeze the financial model. The project cost stacks up as 2,200 as I said. 300 Crs of premium funding during the construction that's how the 2,500 Crs is a total project cost against which Rs.1,800 as debt , equity of Rs.300 Crs plus Rs.300 Crs additional equity to fund post construction.

Ajit Motwani:

Sure and one last question on the interest rate for Belgaum -Dharwad have they sort of gone up post financial closure?

Paresh Mehta:

Yes they have gone up by more than 75 basis point, post financial closure.

Ajit Motwani:

Okay. So what will they be currently?

Paresh Mehta:

It will be around 12.1%.

Moderator:

We have the next question from the line of Pranav Gokhale from Religare Asset Management, please go ahead.

Pranav Gokhale:

Couple of questions from my end. One is what will be your equity requirement over the next couple of year for based on the project, which are there in hand at the moment?

Paresh Mehta:

For the next two and a half year, we required approximately Rs 900 Cr of additional equity to be funded. And this will be basically funded by internal accrual's , then surplus from that toll project which are already giving revenues and giving cash flows , that is the 18 projects which are giving cash flows and may be around Rs.100-150 Cr, we could raise at SPV level.

Pranav Gokhale:

Four to six laning projects and two to six laning project. Can we actually use the cash flows?

Paresh Mehta:

Yes, there is no restriction on use of cash flows. So as soon as you collect tolls, you pay the premium and balance amount would be utilized for the construction activity of the project.

Pranav Gokhale:

Okay and then once since anyway we need or we may have some short fall of the fund raised on just your equity infusion, do we have the ability to bid for new projects further now or how do we actually purpose to raise equity or fund the equity if you are bidding for these new projects?

Paresh Mehta:

See, what we have already started a process of raising some equity so that we can have cash flows available for new projects that we bid for. So we are in the process and we will be bidding for new project.

Pranav Gokhale:

You said you have require of Rs 900 Cr of equity over the next two to two and half years, of which Rs.100-150 Cr. would be raised from external. So this is for the existing road projects. When you are bidding for new road project, how will you tend to fund that road project, hypothetically you win a project of Rs 2,000 Cr, how do you tend to fund that 30% equity of that new project of Rs 400 Cr?

Paresh Mehta:

Right. We have basically embarked on the process of raising equity at our SPV level, we have around four-five SPVs, which are just partly funded, partly non-funded, for something in the tune of \$100-\$150 million. So over and above what is required for these projects, balance will be utilized for putting in these new projects. Additional project will come in.

Pranav Gokhale:

Sure. In this annual report, you are highlighted about shareholder resolution for putting the total debt to up to Rs 3,600 Cr.

Paresh Mehta:

Rs 3,000 Cr is pertaining to non-fund based., so we have include non-fund as well fund base requirement. We are creating ability to bid and execute for new projects where we have pure bank guarantees.

Pranav Gokhale:

What will be a non-funded sort of exposure today as of now?

Paresh Mehta:

Today exposure is around Rs 700 Cr and total limit is approximately Rs 1,000 Cr.

Pranav Gokhale:

And the standalone debt which is reflected about Rs 300 Cr, is this all project led sort of a debt or is it some debt for working capital also in that Rs 345-350 Cr of debt numbers the balance sheet as well as....

Paresh Mehta:

In the standalone you are talking about?

Pranav Gokhale:

Yes in the standalone. There is about Rs 348-349 Cr of debt, so is that the entire thing is, because there is some EPC projects at the standalone levels, so is this debt pertaining to them or this is purely for.....

Paresh Mehta:

No, the break up is approximately Rs.100 odd Cr for term loans for project loans and approximately Rs.100 Cr of working capital loan. Some corporate loan of Rs 50 Cr and Rs 60 Cr of equipment finance and balance is some corporate purpose loans we have taken.

Pranav Gokhale:

Okay but you are not using this funding at standalone level to put as equity in the projects?

Paresh Mehta:

Presently not, presently the profit is there and my working capital is not being utilized for equity funding.

Moderator:

Thank you. The next question is from the line of Devang Patel from Avendus Securities, please go ahead.

Devang Patel:

On the last breakup that you gave, you mentioned 100 Cr of project loans, so is it borrowed in the parent company and giving to the project.

Paresh Mehta:

There are two projects, which are within Ashoka Buildcon as projects. They are divisions, they are not SPV. Because the project is in the ABL and the loan also would obviously then be in ABL. These are basically the Nagar-Karmala project, Nagar-Aurangabad project, and the Nashirabad project as well as the Sheri project. They are four project, which are in the ABLs fold.

Devang Patel:

On the Dhankuni project, could you share with us what your revenue target would be in the first year?

Paresh Mehta:

Dhankuni project is typical project where revenues are structured. Once the construction activity is over then the revenue could pump up. So in the initial year, the revenues would be approximately Rs 158 Cr for the first year, but then when the construction is over, i.e. in year 2014-15, you would have a toll collection of around Rs 300 Cr.

Devang Patel:

How much traffic increase you would expect once the project is completed?

Paresh Mehta:

See during the course we presumed that the traffic is approximately 7% in the first two years.

Devand Patel:

Okay, on the standalone margins, there seems to be an increased in the first quarter. Is there any particular reason for this?

Paresh Mehta:

In totality, the increase is because of incremental contribution by toll projects. So there is a slight increase because toll project, year by year, give larger contribution.

Devang Patel:

So these kind of margins at the standalone level should continue then?

Paresh Mehta:

Yes, it will continue. As we have already indicated in the past calls, we generally have EPC EBITDA levels of around 12% to 12.5% and on the tolling project of 85% to 90%. So that continues to be.....

Devang Patel:

Right. Have you already started capitalizing the revenues you get from the Belgaum project?

Paresh Mehta:

Yes we have done that. We collected approximately Rs.8.6 Cr in this quarter, which we have capitalized

Devang Patel:

Right. Sir your tax rate on the BOT segment seems to be on the higher side at about 28%. Is this anything to do with the capitalization?

Paresh Mehta:

It is not basically due to capitalization. It is basically on MAT and certain projects on regular tax.

Devang Patel:

So is it that the 80-IA period has got over and then they are paying full tax?

Paresh Mehta:

No full tax are very few cases, majorly it is MAT of around 20%. Some provisions for previous year which has been accounted for.

Devang Patel:

Okay. In the Pune project had some problems in toll collection, was there any other projects also which had.....

Paresh Mehta:

There was two another project Nagar-Karmala project which also was affected but that was effected only for two months and now it is on in line and in regular process it is running. There is no issue on that project at all.

Devang Patel:

Okay and on this dispute that is there what kind of compensation has the government considering giving us?

Paresh Mehta:

Whatever loss has occurred to us, we will get compensated generally in the form of extension of period of the toll concession, which is there today and which will be extended.

Devang Patel:

Okay. All those problems are now sorted?

Paresh Mehta:

They are all sorted except for Pune-Shirur as it already indicated by Mr. Satish Parakh that for one toll plaza, which has been discontinued. We are seeking within four to five months redressal of that thing, where we can be compensated for.

Devang Patel:

So the overlay has been completed and we should go back to more like the Rs.8.5 to 9 Crs per quarter collection.

Paresh Mehta:

Approximately yes. 8.5 to 9 Crs that is right.

Devang Patel:

Right. What would your target be in terms of new orders per annum based on our current financing and execution capabilities?

Satish Parakh:

See we already have Rs 4,300 Cr plus of balance order book. So in another 12 months' time, we should expect another Rs2,000 to 3,000 Cr of orders coming in.

Devang Patel:

Last question on the interest rates across projects, the projects, which are operational are these rates link to base rate and have you seen an increase in the rate, cost of debt in the last one quarter and to what level now?

Paresh Mehta:

Interest rates are linked to base rates. These interest rates are reset every year for the projects which are operational. They are reset every year. So we have approximately seen mix of half a percent rise in interest cost on the where projects are already operational and debt is being serviced and interest is being paid.

Devang Patel:

In which month do they get reset?

Paresh Mehta:

Various projects have various dates. Some are in February, some are in November. So they are based on vendor disbursal, each project has a different reset dates.

Devang Patel:

Then what is the range of interest rates we have across projects right now?

Paresh Mehta:

For the operational project, the range of interest rate is right from 10.86 to 11.5%.

Devang Patel:

And for new project that we will be doing financial closure, what kind of rate do we expect?

Paresh Mehta:

In the financial closure, we are expecting approximately in the range of 12%, where we are expecting financial closure.

Devang patel:

Okay. And these would be again fixed for the construction period or is again linked.....

Paresh Mehta:

They are linked to base rate but the spreads are fixed up to three years up to construction period.

Moderator:

Thank you. The next question is from the line of Jitesh Bhanot from Emkay Global, please go ahead.

Jitesh Bhanot:

My question would be basically pertaining to the construction side of the business. Wanted to understand the how we are progressing in terms of the Belgaum-Dharwad, how much progress have been achieved?

Paresh Mehta:

In the Belgaum-Dharwad, we have achieved financial progress of approximately 7% and Toll collection has started in May 2011. So it's a good project and we see no reasons for any delays of construction there and from our revenue side, the revenue is already flowing in.

Jitesh Bhanot:

Okay, should we understand that the initial threshold that was required was already achieved during the quarter and there will no pop up in the sequential quarter?

Paresh Mehta:

Yes you are right, the threshold of 5% has already been achieved and so this will now keep on giving us a regular revenues and margins.

Jitesh Bhanot:

Okay and I want the date of commencement for the Belgaum Dharwad toll collection, which date was that?

Paresh Mehta:

4th of May, 2011.

Jitesh Bhanot:

One more question pertaining to the construction vertical itself, How are we placed in terms of FY12, in terms of upping the entire growth rates for construction verticals. How is the execution progressing?

Paresh Mehta:

Keeping the execution in mind, we expect to grow on the EPC business within range of 30% to 35% at least. And on the toll revenue, the toll collection would be approximately Rs 350 Cr, but keeping in mind accounting practice being followed for the two projects Dhankuni and the Belgaum project, which are four to six laning, the toll revenue on the P&L account would be approximately in the range of Rs 240 Cr.

Jitesh Bhanot:

Okay and last question would be pertaining to the margin picture like are we seeing any kind of margin pressures because of the entire commodity cycle up?

Paresh Mehta:

Presently we don't see much of pressure. It is marginally, but what we keep in mind is we already have factored escalations in our project cost when we are executing our EPC contract. So at present they appear to be within the escalation margins. So we are not immediately very concerned and we believe the cycles would take its own turn.

Jitesh Bhanot:

Okay and If in case there is any correction in the commodity prices, do we see the impact on the margin (going up for the construction arm or would it be a pass through the SPV)?

Paresh Mehta:

No this being fixed price contracts with the EPC arm along with the SPV. The additional margins would remain with the EPC arm.

Moderator:

Thank you. The next question is from the line of Parvez Akhtar from Edelweiss, please go ahead.

Parvez Akhtar:

Wanted to know one question. You had given the funding breakup for the Dhankuni-Kharagpur project, the 2,200 Crs which was funded through Rs 1,800 Cr debt, Rs 300 Cr equity and Rs 100 Cr of internal accruals. So you mentioned something about the premium short fall of Rs 300 Cr. You said that you are expecting toll collection of something like Rs 158 Cr in the first year and premium payment I believe is about 126 Crs, so why would there will be a premium short fall?

Paresh Mehta:

There will be excess. There will not be a premium short fall.

Parvez Akhtar:

You mentioned something about Rs 2,500 Cr project cost also.

Paresh Mehta:

The short fall is arising post construction when there will be a negative cash flow in the first three to four years. What will happen is, post construction interest will not be funded by the project cost. At that time, there will be expenditure of premium as well as interest and a top-line will have gone up, up because of structures, they would have also gone up, but then they will not be sufficient. In the initial three years, there will be negative cash flows. It will be funded through these whole project tie-ups which we have suggested.

Parvez Akhtar:

So essentially you can say that you have about Rs 1,800 Cr of debt and about Rs 600 Cr of equity and balance in an internal accrual.

Paresh Mehta:

Correct.

Moderator:

Thank you. The next question is from the line of Chhavi Agarwal from Ambit capital, please go ahead.

Chhavi Agarwal:

My first question is regarding the road sector. Can you tell me what is happening in terms of bidding pipeline with road sector in terms of competitive intensity? Does it continue to remain high or what status on that at the NHAI level and at the state level?

Satish Parakh:

See at NHAI level, we have seen for the last five-six project, there has been quite an aggressive bidding. Going ahead, we have more than 100 projects to come and there are players also. Sizes are also varying from Rs 500 to 5,000 Cr. So we really need to observe for another set of projects and then only we will know the real market scenario, but the typical phenomena is the new players are bagging. It is not that same players are bagging all the projects.

Chhavi Agarwal:

And is there any difference between state level and the NHAI level in terms of competition?

Satish Parakh:

Competition is more or less same at state and the NHAI. Only the state level the sizes are very small less than Rs 500 Cr.

Chhavi Agarwal:

And right now you are maintaining your focus more on the EPC business or are you bidding aggressively for the BOT projects as well?

Satish Parakh:

We are bidding selectively, but we have our hurdle rates of 16 to 18% of the equity IRR and since we already have Rs 4,300 Cr of balance order book, we have been bidding our hurdle margins. EPC is our core strength, but this is being used for our projects where we have stake. Presently we are doing NHAI projects out of which one is already operational.

Paresh Mehta:

I would just like to give one clarification. We spoke about tax rate of 28% on the BOT projects, one of the questions there in the con-call. I would like to clarify the profit before tax is approximately Rs 14 Cr, which is low on account of depreciation loss of one of the project viz. Bhandara project, which is Rs 7.5 Cr. So if we exclude that project then the average tax comes around 20%, which is MAT, which we have to pay. It's just a clarification for one previous question.

Moderator:

Thank you. The next question is a follow up from the line of Vinay Rohit from ICICI Prudential Life Insurance, please go ahead.

Vinay Rohit:

Ahmednagar-Aurangabad project whose concession period is expiring in September 2016. So are we expecting any extension or claim?

Paresh Mehta:

We expect some additional period from the Government of Maharashtra on this project for additional work executed on this project.

Vinay Rohit:

So how many years?

Paresh Mehta:

Approximately will be around one or one and a half years. We are waiting for that.

Moderator:

Thank you. Mr. Motwani we have no further questions. Would you like to add few comments?

Ajit Motwani:

Yes I have a question. We recently heard that NHAI is now looking to order more projects on the EPC side when reducing projects on the annuity side, we heard something like 600 kilometers to be awarded this year. So are you also looking at pure cash contract and also if you can throw some light on the order that you envisage in the T&D segment going forward?

Satish Parakh:

Yes in the T&D segment, we are looking at bidding for some other states also. We are looking at Madhya Pradesh, we are looking at Chhattisgarh. We are looking at Tamil Nadu and T&D part. As far as cash contracts are concern, yes our core strength is EPC and would be definitely bidding in for cash contracts also.

Ajit Motwani:

And if you can throw some numbers on the pipeline of this T&D projects let us say we have already submitted some bids on that?

Satish Parakh:

We have not submitted any bids. No bids are pending to be opened, but we have set up bids coming up now. Maharashtra is coming up with another Rs 2,000 Cr of works and Chhattisgarh is coming up with couple of works. And most of the governments are now strengthening their distribution network. There has been a lot of work done on generation, some work has been on transmission, but distribution has been drawback for almost all these states. So everybody would require to strengthen the distribution network basically to reduce losses and to take up all the generation capacity which is being added so we expect a good business in this line also.

Ajit Motwani

Thank you all participants. On behalf of Emkay Global, I would thank the management of Ashoka Buildcon for joining the call today.

Paresh Mehta:

Thank you very much Ajit for giving us the opportunity.

Moderator:

Thank you. Ladies and gentleman on behalf of Emkay Global Financial Services that conclude this conference call.

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- Note:**
- 1.This document has been edited to improve readability.
 2. Blanks in this transcript represent inaudible or incomprehensible words.

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