



Ashoka Buildcon Limited

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

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

Scrip Code: Equity: 533271
Debt Codes: CPs -729743 / 730307 / 730851 / 730880; and
NCDs - 976190 / 976191 / 976192

Scrip Symbol: ASHOKA

February 06, 2026

Sub: Call Transcript

Please find enclosed herewith the copy of transcript of the Earnings Call held on February 02, 2026 in respect of unaudited Standalone and Consolidated financial results (Limited Review) for the quarter and nine months ended December 31, 2025.

Kindly take the matter on your record.

Thanking you,

For Ashoka Buildcon Limited

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



Ashoka Buildcon Limited

“Ashoka Buildcon Limited

Q3 FY26 Earnings Conference Call”

February 02, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 2nd February 2026 will prevail



MANAGEMENT:

- Mr. Satish Parakh – Managing Director – Ashoka Buildcon Limited
- Mr. Paresh Mehta – Chief Financial Officer – Ashoka Buildcon Limited

MODERATOR:

- Mr. Mudit Bhandari – IIFL Capital

Moderator: Ladies and gentlemen, good day, and welcome to the Ashoka Buildcon 3Q FY '26 Conference Call hosted by IIFL Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. I now hand over the conference to Mr. Mudit Bhandari from IIFL Capital. Thank you, and over to you sir.

Mudit Bhandari: Thank you so much. Good afternoon, everybody. On behalf of IIFL Capital, I welcome you all to Q3 FY '26 Earnings Conference Call of Ashoka Buildcon Limited. From the management, we have Mr. Satish Parakh, Managing Director; and Mr. Paresh Mehta, Chief Financial Officer. With this, I would request Mr. Satish Parakh to start with his opening comments, and then we can open floor for question and answer. Thank you, and over to you, sir.

Satish Parakh: Thank you, Mudit. Good afternoon, everyone. I welcome you all to the Q3 & 9M FY '26 Earnings Conference Call of Ashoka Buildcon Limited. Thank you for taking out time to join us as we share our operational and financial updates for the quarter and nine months ended 31st December 2025. Joining me on this call is our CFO, Mr. Paresh Mehta and Investor Relations partner from SGA.

The Indian highway sector is currently navigating a phase of measured transition where the emphasis is gradually shifting from rapid expansion to quality, sustainability and capital efficiency. While near term activity levels reflect moderation, the medium to long term structural outlook for the sector remains intact.

The awarding activity by the central agencies has remained subdued for the past 2 years and in this financial year the highway construction is expected to drop 10% to 15% to 9,000 to 9,500 kilometres from 10,660 kilometres in 2024-25. The construction of national highways this financial year will be lowest since 2017-18.

That said, there are several signs of improvements also. The ministry of road transport and highway (MoRTH) and NHAI have consciously recalibrated their focus to corridor-based development, access control highways and expressways. Under this approach the government is targeting approximately 11,000 kilometres by FY27 and 15,000 kilometres by FY32, up from 3,000 kilometres currently reflecting a sharper focus on economic productivity, safety, logistics efficiency rather than sheer scale.

At the same time the government focus on financial prudence at NHAI continues. INR35,000-INR40,000 crores is expected for monetization of road assets in FY26 by NHAI, which will be used for supporting new investments without materially increasing the public sector leverage.

An important positive development for the sector is renewed push towards PPP models. Against this backdrop, Ashoka aims to leverage its strong execution capabilities, prudent capital management and experience across EPC, HAM, and BOT and assets monetization models, remain well positioned to navigate the cycle and participate in the next phase of growth.

Now let me take you through some of the key developments during the period. We began with a significant portfolio monetization milestone in November 2025. Ashoka Concessions Limited

completed the sale of its entire stake in five BOT SPVs to Maple Infrastructure Trust and its nominees.

The transaction was concluded for an aggregate consideration of INR1,814 crores and marks an important step in unlocking value from mature assets. I'm pleased to announce that this led to a significant reduction in our consolidated debt from INR4,910 crores in September to INR2,722 crores in December 2025 and aligns with our strategic move towards deleveraging, thus reducing interest costs, and strengthening our balance sheet.

Following this, Ashoka Buildcon Limited acquired equity shares in Ashoka Concessions Limited and Ashoka Buildcon together with Viva Highways Limited, acquired the remaining Class A and Class B CCDs held by the investors. This was done for an aggregate consideration of INR667 crores, resulting in a full acquisition of securities previously held by Macquarie SBI Infrastructure Funds.

This transaction consolidates our control and simplifies the ownership structure of ACL, which is now 100% subsidy of Ashoka Buildcon.

On the project execution front, two major letters of acceptance were received from BMC through joint ventures. The Adani-Ashoka-Aakshaya JV secured the Mithi River Development and allied work projects, valued at INR1,816 crores, excluding GST.

The project includes a 48-month design and build phase, followed by 10 years of O&M. In addition, the Ashoka Aakshaya JV received an LOA for a flyover construction project worth INR1,041 crores, including GST, with a 24-month execution timeline. Ashoka has also secured an additional scope of work order, from the BMC toward the existing Sion-Panvel Highway flyover project, amounting to INR447 crores, including taxes, reflecting continued confidence in our execution capabilities.

Lastly, we received an LOA from the Public Works Department in Daman for a construction of a signature bridge connecting Jampore Sea front to Devka Sea front. This project is valued at INR307.7 crores, excluding GST, with a completion timeline of 30 months. Coming to the order book status, the company has received four new project orders, including one additional work order, as discussed above from BMC and Daman Public Works Department.

As on 31st December 2025, our balance order book stands at INR15,927 crores. This is excluding orders received post 31st December 2025 of INR308 crores. So, as on date, it is INR16,235 crores of balance order book. Roads and railway projects comprise around INR10,292 crores, which is 65% of the total order book.

Among the road projects order book, HAM projects are to the tune of INR1,705 crores, EPC road projects are to the tune of INR7,025 crores and railway is around INR1,562 crores. Power T&D accounts for around INR5,108 crores, which is approximately 32.1% of the total order book.

Total EPC building segment is to the tune of INR528 crores, which is 3.3% of the total order book. Our primary focus remains on maintaining a substantial EPC business in segments of

roads, highways, railways, power transmission distribution, as well as buildings. I would now request Mr. Paresh Mehta, CFO, to present the financial performance. Thank you.

Paresh Mehta: Thank you. Good afternoon, everyone. Starting with the standalone numbers:

Our Q3 FY26 total income stood at INR1,492 crores as compared to INR1,816 crores in Q3 FY25, a degrowth of 18%. EBITDA for the quarter stood at INR157 crores, a degrowth of 16% year-on-year with EBITDA margin of 10.6%, an improvement by 30 bps year-on-year. Profit before tax before exceptional items stood at INR50 crores.

Overall, PAT stood at INR102 crores against INR61 crores during Q3 FY25, up by 68% year-on-year. Our revenue contribution for each segment for Q3 FY26 is as follows. Road EPC 51.9%, road EPC HAM 13.2%, power T&D 21.9%, railways 9.0% and other segments 4.0%. For 9 months FY26 standalone, total income stood at INR4,134 crores as compared to INR5,175 crores in 9 months FY25, a de-growth of 20%.

EBITDA for 9 months FY26 stood at INR468 crores, down 5% year-on-year with an EBITDA margin of 11.3%, an improvement over 9MFY25 of 180 bps. Profit before tax before exceptional items stood at INR150 crores and PAT stood at INR272 crores as compared to INR138 crores in 9 months FY25, up by 97% year-on-year.

Coming to the consolidated results, total income for Q3 FY26 stood at INR1,866 crores as compared to INR2,426 crores in Q3 FY25, registering a 23% de-growth. EBITDA for the quarter stood at INR474 crores, down by 30% year-on-year with EBITDA margin of 25.4%. Profit before tax before exceptional items stood at INR233 crores. PAT stood at INR2,111 crores during Q3 FY26.

Total consolidated debt as on 31st December 2025 stood at INR2,722 crores, down from INR4,910 crores. The standalone debt is at INR1,046 crores, which comprises of INR79 crores on equipment loans, INR300 crores on NCDs, and INR667 crores on working capital loans. In Q3 FY26, in our BOT division, the company recorded a total gross toll collection of INR77.3 crores from Jaora-Nayagaon Toll Road Company. With this, we now open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Sir, on the EBITDA margin side, we saw some impact on Q3 and also other expenditure was quite high at INR71 crores. So, is there any one-off and why the margins were lower on Q-o-Q basis?

Satish Parakh: On a Q-on-Q basis, I think the EBITDA stood at approximately 9%. It's more an impact of a lower turnover and coverage of the fixed overheads which are there. Otherwise,

There was ECL provision, which has increased the other expenses.

Vaibhav Shah: What is the quantum of the provision?

Satish Parakh: It's INR25 crores.

Vaibhav Shah: And what is it regarding to INR25 crores?

Satish Parakh: Maybe I'll come back.

Vaibhav Shah: Okay. Sir, secondly, how do you see the margin going ahead in Q4 and FY '27?

Satish Parakh: So, as we have been saying the margins will improve over the quarters as we go ahead. Q4 '26 will typically remain similar, but FY'26-'27 definitely will be in the range of 9%, 9.5% plus.

Vaibhav Shah: We don't see that double-digit margin yet in FY'27. You are targeting around 10% to 10.5%, 11% in...

Paresh Mehta: Yes. we believe the bids which are there in the pipeline will throw approximately 10%, 10.5% and being a bit conservative.

Vaibhav Shah: Secondly, on the overall revenue side, we have seen quite a weak numbers in the first 9 months. So how do you see the revenue for the '26 and what is your guidance for '27?

Paresh Mehta: So FY'26 probably based on current order book and the way the projects are moving, new projects having started a bit late, we believe that we may probably not be able to achieve last year's revenue and we'll be probably short by approximately 8% to 10%. But going ahead for FY'26-'27, we definitely believe that 15% growth would be there over '26.

Vaibhav Shah: Given the lower base of '26, so even if we grow at 15%, we will be still lower than our '24 and '25 revenue numbers. So, will you see scope of higher growth?

Paresh Mehta: Yes. It will also depend on certain new projects, which we are applying for and the order book, which will come, then probably we'll do a better numbers definitely.

Vaibhav Shah: Okay. And lastly, on the order inflow side. So, what will be our order inflow in terms of EPC value for YTD FY '26?

Paresh Mehta: Year-to-date, approximately INR5,200 crores is the order book flow for EPC in 9 months and another INR307 crores, which has come post December.

Vaibhav Shah: So, what are you targeting for the entire year?

Paresh Mehta: So, we believe that we should keep this 2 months available, around INR3,000-odd crores order book should come in with probably NHAI, also pushing their biddings, probably in the last 2 months. I think INR3,000 crores should be an easy number to achieve for a for a new order book.

Vaibhav Shah: Okay. Thank you sir. Those are my questions.

Moderator: The next question is from the line of Bhavin Modi from Anand Rathi.

Bhavin Modi: A couple of questions from my side. Sir, first, I saw your order book details and there was a few of the slowing projects like Kundalika, Jaigad, Bankot, Gaimukh, Payegaon. So, like, how are we looking in terms of accelerating the speed of execution?

Satish Parakh: So, these projects basically are suffering in terms of land acquisition and probably, this would get over in another quarter. So next year, we'll see a good pickup in all these projects.

Bhavin Modi: Okay. Sir, second, in terms of the appointed date for Guskara, Bowaichandi. So, when it is expected?

Satish Parakh: So, we expect in February. February we should get an appointed date for this.

Bhavin Modi: So, what it took so long, because I think we completed the financial closure two quarters back?

Satish Parakh: Yes, we completed financial closure, but land acquisition is still very difficult in West Bengal. Now this will pick up only in these 2 months. That is what they are promised by Feb, they should be able to award us.

Bhavin Modi: Understood. So, third point was there are 2 things in the BOT assets we sold. One was the holdback amount. And second is the contingent consideration. So, like what is the quantification in terms of the holdback amount and the contingent consultation? And what are the expected timelines?

Paresh Mehta: So, on the holdback amount, in the HAM, we have approximately INR96 crores of holdback. And in the BOT project approximately INR50 crores. We expect both these numbers to materialize before March, all the compliances or whatever actions to be taken. So, between February and March, we should get those money released, along with the sale of at least 4 of the 6 assets before March.

Bhavin Modi: Okay. And sir, what about the contingent considerations, there was some INR500 crores of BOT?

Paresh Mehta: The contingent consideration is consideration linked to extension of toll concession period, which will take approximately 1 to 2 years for it to materialize with NHAI, once the period is freezed, at that time the money will be released. So, it will be based on how NHAI gives us the extension for low traffic as per concession.

Bhavin Modi: Okay. But right now, we cannot zeroing on any number, right, sir? Because that we will only come to know once the NHAI gives the approval for the extension?

Paresh Mehta: Right.

Bhavin Modi: Sir, one point was, sir, you have created some impairment for certain subsidiary loans in your financials. So, which is the subsidiary and what is the loan amount?

Paresh Mehta: So largely, we have floated a subsidiary in Saudi for businesses in the Middle East, where we have incurred establishment expenses at around INR37 crores, which is taken as an impairment. We are looking at the business being prudent, we have presently impaired it as soon as we get

business, probably these amounts will get reversed. This is the initial establishment expenses for the office established for overseas projects.

Bhavin Modi: Sir, last two questions from my end. These are regarding 2 things. One is the timeline and the amount for the balance 6 assets to be monetized. And second is the sir, the NHAI the matter, which was published, we got actually the immunity from the court. But where is the matter now right at present?

Satish Parakh: So, it's status quo, still, it has been stayed in the court, and we are bidding NHAI projects, all of the projects. So, there is no impact on the business as such.

Bhavin Modi: Okay. But do we expect any action from the NHAI or has it gone to any disciplinary committee the thing. So, like what is the status with that?

Satish Parakh: They formed the committee and work is in progress. There will be series of meetings and then decision will be taken.

Bhavin Modi: Okay. Sir, the last question about the monetization of the balance 6 assets. What are the timelines? And what are the amounts that we can expect?

Paresh Mehta: For the monetization of the 6 HAM projects which are yet with us, 4 of the HAM projects we expect to monetize by March, approximately INR750 crores plus and the last 2 projects approximately INR400 crores by June '26.

Moderator: The next question is from the line of Aditya Sahu from HDFC Securities. Please go ahead.

Aditya Sahu: Hi, sir. Thanks a lot for the opportunity. On the bidding part that is mentioned, if you can help us on the what is the current bid pipeline that we have?

Satish Parakh: So current bid pipeline for NHAI is around INR65,000 crores

Aditya Sahu: Okay. Understood, sir. And just one other question would be on the HAM equity investment, what would be the amount that we have invested till date? And how much is the amount that we would invest going forward?

Paresh Mehta: So, on the equity investment balance for the current HAM portfolio. Approximately INR320 crores is balance, of which largely INR220 crores is for the new HAM project Bowaichandi and balance is for the TS III and TS IV that is Tumkur-Shivamogga III and IV, which will be invested in the period of INR180 crores by March '26, March '26-'27 INR72 crores and March '27-'28 INR72 crores.

Aditya Sahu: Okay. INR180 crores by March '26, and INR70 crores?

Paresh Mehta: Sorry June '26 - it all depends on how Bowaichandi appointed date is declared.

Moderator: The next question is from the line of Mudit Bhandari from IIFL Capital Services Limited.

Mudit Bhandari: Out of the total order book of around INR15,900 crores. So how much is executable? I mean how much is any pending clearance, including appointed date or any other clearances?

Satish Parakh: So, this entire is executable. We already received appointed date and work is progress on all the projects.

Mudit Bhandari: Sir, but even if we, let's say, look at last quarter order book, so we are not able to execute in terms of reported numbers from revenue. So is there any other thing.

Satish Parakh: So, as I explained earlier, despite projects of bridges are stuck up due to land acquisition. They are slow moving. So, we expect that by quarter 1, we should be able to pick up on all these projects. And Bowaichandi project, which we explained you, we are yet to get the appointed date. So that we are expecting in February. So, March onwards we should be able to carry out work on this project also.

Mudit Bhandari: Understood, sir. And from comparing Q-on-Q from 2Q to 3Q, how is the payment been from NHAI side or from DISCOM side across all our sectors?

Satish Parakh: Payment wise, there is not much issue either at NHAI level or DISCOM. DISCOMs are also funded from central points. Payment wise, there is not an issue. Execution-wise, there have been challenges and that is how the order book has been very slow.

Moderator: The next question is from the line of Vasudev from Nuvama.

Vasudev: Congratulations on the monetization of the BOT assets. So, sir my most of the questions are answered just a few bookkeeping kind of questions. So, these 5 BOT assets which we sold, what was the enterprise value and the equity value of these assets?

Paresh Mehta: So, equity value was approximately INR2,300 crores against which there was debt approximately INR2,500 crores. So, enterprise was approximately INR5600-5700 crores. So, the debt has already been excluded from the consol now. And out of the total equity of INR2,300 crores, we have already realized INR1,750 crores and balance will be realized over a period of time, including contingent consideration.

Vasudev: Sure, sir. So now after these monetization's, even we are hopeful of monetizing for other HAM assets. So, by end of FY '26, where do we see our debt levels?

Paresh Mehta: Once we monetize this 4 assets also, we should see our debt levels by March or April, there are certain debt like NCDs which are payable in April, considering that also as paid, we should be in the range of INR200 crores to INR300 crores.

Vasudev: Okay. Sure, sir. And lastly, what is the capex that we did in Q3? And how much are you planning for Q4?

Paresh Mehta: So, for Q3, the capex was approximately INR15 crores. We expect another INR25 crores in Q4 to take it around INR75 crores to INR80 crores for the year.

Moderator: The next question is from the line of Vaibhav Shah from JM Financial.

Vaibhav Shah: So, do we expect any further ECL provisions in Q4?

Paresh Mehta: ECL generally, are largely it's time-related provision for payments, which are slightly delayed. So, we believe that the recovery will happen by March. So, I don't think a large impact may be there for Q4.

Vaibhav Shah: Okay. And sir, secondly, you mentioned about the Saudi establishment expenses. So, when did we incur the expense? And why did we write it off so early?

Paresh Mehta: So, these expenditure was being incurred since last 1.5 years for the establishment. We are bidding for projects, unfortunately, they're not bagged. From a conservative view, because there was no order book at that office. We took a decision of making an impairment of it probably as soon as we expect a few orders in the next month or so in 4 to 5 weeks. Once that happens, then maybe post Q1 FY '27, we'll be able to reverse those impairments.

Vaibhav Shah: And what segments are we targeting from Saudi, which vertical?

Satish Parakh: All type of infrastructures - roads, power and buildings.

Vaibhav Shah: Okay. And sir, secondly, our PBT was around INR50 crores for the quarter. So, reported PAT INR102 crores. So, what was the adjusted PAT for the quarter?

Vaibhav Shah: INR50 crores is PBT. So basically, – we are figure out what was the tax expense for the quarter, both on the normal operations and on the exceptional item?

Paresh Mehta: Before exceptional items, the profit was INR50 crores, which is approximately similar , almost on the same range of Q2 also.

Vaibhav Shah: Tax was negligible for the quarter?

Paresh Mehta: Right, INR57 crores for Q2.

Vaibhav Shah: Tax was negligible for the quarter, tax amount?

Paresh Mehta: Tax amount was negligible because of the deferred tax reversal of the provisions which we made for repayments.

Vaibhav Shah: Okay. Got it. Thank you, sir.

Moderator: Thank you. The next question is from the line of Amit Kumar from Determined Investments. Please go ahead.

Amit Kumar I'm investor new to the entire domain of this entire EPC and project business. So, my apologies upfront if this is silly question to begin with. You're deleveraging the balance sheet, you've already done a lot in the first 9 months, you're still looking to further sell assets. And at a point in time where either the new project pipeline is like you said that this year has been fairly soft,

you're obviously expecting some improvement next year and even your existing projects are like slow.

I'm just trying to understand because EPC business involves a fair bit of debt any which ways in terms of working capital basically. So, when you're basically selling those assets, I'm just trying to understand the balance sheet bulk up that you're looking to do, what is the purpose of that? And isn't the balance sheet as it stands today already support your future plan?

Paresh Mehta:

So, see, there are two strategies this year. One is the development projects which we have, which we are monetizing and bringing cash in. This typically gives us opportunity to look at future development projects also like projects under solar or projects under BOT. Now the balance sheet being as it is around almost a net worth of plus INR4,000 crores and monetizing on these assets and deleveraging the debt to the extent of almost in the range of INR200 crores to INR300 crores only. I think so we'll try to make the balance sheet a bit leaner.

Amit Kumar:

Yes. But, the projects that you have on your balance sheet, right? there is always a construction risk, a whole bunch of risk during the construction period in a project. You have executed these projects; they are now starting to throw cash. So, I mean let's even assume that fourth quarter, basically, these four assets that you are looking to sell that happens, NCDs also you pay back in April.

And you get to a INR300 crores debt number, which is for the size of your company, I mean, that's a INR5,000 crores, INR6,000 crores kind of top line company that's actually quite small. So is there any need to basically further sell the assets that you have or at least sell them strategically.

I mean, we are bidding for some huge projects than maybe might be to sell some assets to basically fund it on that side. But let's say, beyond March and beyond April, is there any need to basically sell additional projects? As you have indicated in the past that we are pretty much selling everything. I don't think that you're planning to keep any operational either HAM or BOT whatever projects on your books basically. Is there any need to do that? That's my point?

Paresh Mehta:

Soyes, there is a lot of demand for assets, and there is a good arbitrage in selling these assets. These assets may be giving us an IRR of 15% to 17%. And the kind of projects are acquired by buyers, who are largely financial institutions or private equity funds or pension funds.

They are generally discounting these cash flows at 10% to 12%. It makes sense in cashing them out and use this money for newer projects, which will bring the EPC order book also plus another asset with, say, 15% to 17% IRR, which again, will have an opportunity to flip to a new buyer. So, this probably is the model of every EPC contractor cum developer, going ahead also, that you create assets hold for a couple of years maturity term, flip it to an investor who's happy with the 10% to 12% IRR.

Amit Kumar:

So that's exactly my point. And your existing projects are for a 15%, 16% IRR. They're fairly safe cash flows to execute they are running essentially and I presume you'll also be managing the O&M for all of your projects basically. Again, like I said, I'm slightly new to the business and these companies, I'm not assured on that count also.

But and when you're taking a new project that also bring a fair bit of risk. But even leaving that aside, my principal point here is that this year, we have seen a very again, principally given the fact that you are in the almost 60%, 70% of your order book, 65%, 2/3 of your order book is in the road sector.

We've seen a pretty soft bidding in FY '26. I'm not sure what changes in FY '27, if you seen the budget also, just less than a 10% increase in capex, what the government is basically talking about? And clearly, defence the other sectors high-speed rail corridors, etcetera, those seem to be the priorities.

So are you basically looking to expand materially into some new sectors where traditionally, the companies are seemingly has been mostly on the road side and of course, there is a little bit of Power T&D, railways less than 10% or a share of order book that's fairly small.

So are you looking to expand in a big way into some new verticals, new business lines because as far as the road piece is concerned, even the current balance sheet and let's assume the March, April, what you're basically saying also happens. Beyond that, the leftover projects that you have, which you have said that you would look to monetize those.

What is the purpose would that serve? Because at least in the intermediate term, till such time that you can scale up your order book and get new projects which I think this year also, you're missing on your order book guidance at the beginning of the year, primarily because of slow bidding on the road side itself, right?

I mean that's the going to be cash sitting on the book's earnings, what, like 6%, 7%. That interest rates are also like fairly low. So isn't it better to keep those projects at least keep having that 15%, 16% IRR or whatever it is, basically, definitely double-digit IRR, keep earning that IRR. And then -- I mean, as and when you see the order book pipeline basically coming up, then you can probably -- selectively probably monetize some of those assets?

Paresh Mehta: So actually, there are 2 thoughts to it. The assets which are monetizing and the core business of the company, are typically 2 different revenue streams. The assets which are monetized are giving a revenue stream of either financial income or toll revenue, which is not an effort driven. Once we have quality constructed, it's more of an economic impact on the project. So, we are not making any EPC effort. Our major source of revenue is EPC, which brings in revenue.

So definitely, our return expectation on EPC is better, and we expect 15% to 18% IRR on that kind of business, better to invest in EPC contracts to earn that income, which we have monetized at a discounting of 12%. So that is definitely one driver to that. And second also is the burden. So initially, with all these projects, which are the BOT projects, have high debt.

Definitely there is a pressure on the balance sheet with a high debt. There was almost INR6,700 crores debt before Q2. And now we are in the range of around INR2,700 crores. Substantially bring down the debt burden on the consol level also. So, these two being in the main drivers and helps in creating cash, which could be used for various purposes, including probably also servicing the investors who are there today on board.

So, this Middle East impairment also INR25 crores, I mean, isn't running an office principally an operational expense? Why is this coming on the balance sheet side? And why are you impairing it? I'm not sure I understood this bit also basically. Fine there is an office in the Middle East, but principally the expense on that side would be operational and not capita?.

Paresh Mehta: That is true. But then the operations are being done by a subsidiary where the holding company which is Ashoka Buildcon has given a loan or equity to that subsidiary. So, in the books of ABL as a bookkeeping issue is an invested a loan. It's not an operational expense. Operation at the consol level, probably yes, what you're seeing is right, consol level, it would be merged as an expenditure. But at the standalone level, it is looking as a loan or equity invested. Now because of the business not coming in the way, we have preferred to do an impairment as a conservative policy over the quarters, probably we will reverse them.

Amit Kumar: Okay. So, this impairment then doesn't exactly show up into your consol basically then.

Paresh Mehta: No, it is not.

Moderator: The next question is from the line of Bhavin Modi from Anand Rathi. Please go ahead.

Bhavin Modi: Sir, in your order book details the Maharashtra in the Power T&D others, Maharashtra has increased by INR641 crores. So, can you help me in which product -- which project was included in this?

Paresh Mehta: Okay. I'll come back on this specific project you're talking about.

Bhavin Modi: Yes, yes. And sir, also in the EPC building, it has increased from INR462 crores to INR528 crores. So again, where this increase? Was it change in the scope or there was some new addition?

Satish Parakh: New addition.

Paresh Mehta: New addition of an EPC contacts, small EPC contracts.

Bhavin Modi: Okay. Sir, second thing, I just wanted to understand with the NHAI coming up with a stringent role about the network, so the formula on a broader level grows like this 5x into the net worth minus the unexecuted value of BOT and HAM projects. So just wanted to understand this BOT and HAM project, the unexecuted value, will this belong only to the NHAI MoRTH or will it also belong to the state projects as well as other than the road projects. Like for example, there are water projects, which are also in the under-HAM category?

Management: They are all PPP projects; it will be all PPP.

Bhavin Modi: All the PPP across the state or across the segments, right?

Management: Yes. All PPP in the company.

Bhavin Modi: Okay. And sir, one more thing. Like sir, are we currently L1 in any of the projects?

Management: Yes, we are L1 in some of the projects, but we cannot disclose at this stage.

Bhavin Modi: Okay. Got it. And sir, last bookkeeping question, sir. There was exceptional item which has been recognized, where it was mentioned that we have created the obligation of something around INR3,600 crores for the obligations towards the investors in subsidiary, but of which we have only like an adjusted INR2,660 crores and balance INR953 crores was credited back to the P&L. So just wanted to understand in terms of bookkeeping, what is this provision about?

Paresh Mehta: So, over the years in the past, because Macquarie was investor with us in our HoldCo company that is Ashoka Concessions. There was a provision created for the investors of around INR360 crores. After exiting their value of actual investment and amount spent for acquiring their CCDs, the balance amount of INR95 crores, which was on the credit side was brought to the P&L account as an income as an exceptional item.

Bhavin Modi: Okay. So, sir, over the period, what was the cumulative, the provision was INR361 crores. Was it like debited to the P&L like now that it is excess?

Management: Yes, it was.

Bhavin Modi: Got it. That's from my side.

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

Vasudev: What is our current status and thoughts on monetization of Chennai ORR and Jaora-Nayagaon project?

Paresh Mehta: Chennai ORR, we continue to pursue seller. On the Jaora-Nayagaon we are still holding it in our books as an investment. The revenues are strong and if any good interest comes, we would be telling and doing a dialogue. Chennai ORR we continue to discuss with investors, potential ones.

Moderator: The next question is from the line of Dr. Amit Vora from Homoeopathic Clinic.

Amit Vora: So just wanted to know, yesterday, our Finance Minister has told that INR12.2 lakh crores will be spent on infrastructure. So, what is your expectation for order book this year and next financial year and the margins?

Paresh Mehta: For FY '26, we are typically looking at order book intake in the next 2 months to the tune of around INR3,000-INR3,500 crores. And based on budget promises which have been made, definitely we will look overall order book intake for the next year to the tune of around INR11,000 to INR12,000 crores we generally keep as a vision for the intake of orders.

Amit Vora: And what is the kind of margin, sir, that we are looking at?

Paresh Mehta: So generally, in the range of 10% to 11%.

Amit Vora: So, this INR11,000 to INR12,000 crores for next year includes only this central government orders or even Maharashtra or state government?

Paresh Mehta: This would be all sectors, the roads, power and others.

Amit Vora: Okay. Thank you so much, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, we'll take this as a last question for today. I now hand the conference over to Mr. Mudit for closing remarks. Over to you, sir.

Mudit Bhandari: Hi, sir. Just last question. I think you said there was some impact because of extraordinary items of INR52 crores. So, if you could quantify the amount of tax, it will be helpful or otherwise, over to you, sir?

Paresh Mehta: Yes. We have already said approximately INR19 crores of reversal on deferred taxes based on the impact of the impairments and other impairments of investments all put together. So deferred tax reversal is of INR19 crores.

Mudit Bhandari: Thank you so much, sir. You can proceed with your closing remarks.

Paresh Mehta: So, we thank everybody for having joined this call. We hope you've had the answers for what you are looking for. If you need any further information, you are free to contact me or our Investor Relations advisors, SGA Mr. Deven Dhruva. And thank you, everybody. Good day.

Satish Parakh: Thank you, everyone.

Moderator: Thank you very much. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.