



“Ahluwalia Contracts India Limited Q3 Financial Year 2015 Results Conference Call”

February 16, 2015



ANALYST: MR. AMBER SINGHANIA – ASIAN MARKET SECURITIES

**MANAGEMENT: MR. SHOBHIT UPPAL - DEPUTY MANAGING DIRECTOR -
AHLUWALIA CONTRACTS INDIA LIMITED
MR. S. K. SACHDEVA- FINANCIAL ADVISOR - AHLUWALIA
CONTRACTS INDIA LIMITED
MR. ROHIT PATNI, DEPUTY MANAGER, INVESTOR
RELATION - AHLUWALIA CONTRACTS INDIA LIMITED**



Ahluwalia Contracts India Limited
February 16, 2015

Moderator: Ladies and gentlemen, good day and welcome to the Ahluwalia Contracts Limited 3Q FY 2015 Earnings Conference Call, hosted by Asian Market Securities. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amber Singhania from Asian Market Securities. Thank you and over to you Mr. Singhania!

Amber Singhania: Thank you. Good afternoon everyone. On behalf of Asian Markets, I welcome you all to the 3Q FY 2015 Earnings Conference Call of Ahluwalia Contracts India Limited. We have with us today Mr. Shobhit Uppal, Deputy Managing Director, Mr. S. K. Sachdeva, Financial Advisor and Mr. Rohit Patni, Deputy Manager, Investor Relation from the Company’s side representing the company. I now request Mr. Uppal to take us through the quarterly results highlight and overall trend on the industry side which you are seeing and then we shall begin the Q&A session. Over to you Sir!

Shobhit Uppal: Good afternoon everybody. Thank you for joining in. Ahluwalia Contracts in the third quarter the revenue was 267.16 Crores as compared to 240.75 Crores and net profit stood at 13.57 Crores as compared to 2.45 Crores in the corresponding period in the last financial year.

During the first nine months, the company revenue was 745.80 Crores as compared to 710.52 Crores and the net profit stood at 46.71 Crores as compared to 4.46 Crores in the corresponding period.

During the third quarter company’s EBITDA margin was 10.97% as compared to 6.02% and PAT was at 5.08% as compared to 1.83% in the corresponding period.

During the first nine months company’s EBITDA margins stands at 12.62% as compared to 3.89% and PAT margin at 6.26% as compared to 0.63% in the corresponding period.

Company’s EPS for this quarter stands at 2.12 as compared to 0.39 for the previous year corresponding period. Company’s EPS nine months stands at 7.39 as compared to 0.71 for the corresponding period in the last year.



Ahluwalia Contracts India Limited
February 16, 2015

The company has secured new orders worth 950 Crores in the current financial year and the net order book as on December 31, 2014 stands at 3320 Crores.

Thank you. That is the information as far as our financial results are concerned. I am ready to take questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Chintan Sheth from SKS Capital & Research. Please go ahead.

Chintan Sheth: Regarding the margins you have already mentioned that for Q3 our margins are at below 10% whereas for nine months have blended we have crossed the 12% margin why there is a disconnect in the margin for the quarter and the full year basically the nine month period ended margin?

Shobhit Uppal: No, even in the third quarter our EBITDA margin is 10.97% say 11%.

Chintan Sheth: That includes 4 Crores of other income.

Shobhit Uppal: Yes.

Chintan Sheth: So core margin as we see that is for last quarter we had a Q2 FY 2015 had an EBITDA margin of around over and above 13% if I include the other income?

Shobhit Uppal: Close to 13% slightly less than 13%.

Chintan Sheth: We have some margin contraction on a sequential basis for full year if you take the nine months EBITDA margin of around 12% it seems little low has there been any one-off in operating expenses?

Shobhit Uppal: No there is no one-off this is partly a result of the continuing slowdown in the private sector, which continues to affect us though we are trying to reduce that effect by finishing of our legacy contracts or fixed priced contracts. If you were to see our projections we have projected that we will close this financial year with an EBITDA margin of close to anywhere between 11% and 11.5%. We have factored in this slowdown or the burden of the old legacy contracts and we are well on target to meet or close this financial year anywhere between 11.5% and 12% and from the next financial year because what our target is that only about 10% of the fixed price contracts are left. We have by pumping in funds finished off most of the old fixed price contracts and



Ahluwalia Contracts India Limited
February 16, 2015

these two we will finish in the next three to four months so starting from the first quarter of next financial year we will be targeting consistently a margin of about 12%.

- Chintan Sheth:** Regarding the annual revenue guidance of 20% are we revising it little lower...?
- Shobhit Uppal:** No we are not. We are on target to meet our goal of 1100 Crores, which is a 20% year-on-year growth and we should be meeting that because our nine month revenue stands at about 750 Crores and traditionally the final quarter has always been the one which is yielded the maximum revenue because most of the bills get consolidated and passed by the clients in this quarter.
- Chintan Sheth:** The order book which you mentioned 3320 Crores versus 3500 last quarter right?
- Shobhit Uppal:** Yes.
- Chintan Sheth:** So we have completed around 200 Corers of anticipated orders this quarter?
- Shobhit Uppal:** Actually slightly more but in the last quarter the inflow of new orders has been slightly sluggish because as things stand today we are L1 in nearly orders worth 1000 Crores that means the tendering has been done, the bids have been opened and we stand to gain those orders in the next one to one and a half months. It is just that in the last couple of months these orders have not been finalized that is why, so we are expecting that by the end of this financial year our order book should be in the range of about 4000 Crores.
- Chintan Sheth:** Last quarter you have been mentioned the L1 orders were around 300 Crores or my numbers or wrong?
- Shobhit Uppal:** No, your numbers are right, that is what I am saying in the ensuing period that means in three months subsequent to our last conversation we have got orders or we are L1 in 700 Crores more orders.
- Chintan Sheth:** The data point on debt side and the working capital side if you can provide. Gross debt and how the working capital days are panning out?
- Rohit Patni:** At presently working capital days is 130 to 135 days.
- Chintan Sheth:** Net off right?
- Rohit Patni:** Yes net.



Ahluwalia Contracts India Limited
February 16, 2015

- Chintan Sheth:** Gross debt number?
- Rohit Patni:** Gross debt number is 425 Crores.
- Chintan Sheth:** Cash balance.
- Rohit Patni:** Cash balance is 80 Crores.
- Chintan Sheth:** 425 Corers then 80 Crores.
- Rohit Patni:** No, 425 are debtors.
- Chintan Sheth:** Gross debt numbers.
- Shobhit Uppal:** If you are asking about debt our debt stands at 140 Crores today.
- Chintan Sheth:** Okay that is subsequently lower than last quarter of 200 Crores?
- Shobhit Uppal:** Last quarter I think it stood at about 240 Crores so in the last three months we paid our debt by close to 100 Crores.
- Chintan Sheth:** A general sense of where are we bidded in this L1 and what kind of opportunities we are looking at in terms of sectors we are looking at going forward for bidding and getting the new orders and the moment and now growth to continue like this?
- Shobhit Uppal:** As I mentioned to all of you last time, I do not foresee a problem in picking up orders. We are seeing an increased activity on the public sector side as far as the tendering is concerned and this is focused in the healthcare sector, institutional buildings and education sector. In fact out of the 1000 Crores that we are L1 in about 700 Crores comes from the healthcare sector and about 300 Crores comes from the education sector, education more IIMs and IITs are coming up and as I have also did mentioned earlier there is reduced competition. Now in every bid there are only three or four large companies who are participating so picking up orders in the coming years, I think we will be meeting our target of 1500 Crores in the entire next year quite easily.
- Chintan Sheth:** Any capex requirement or equity requirement, fund requirement to meet?
- Shobhit Uppal:** Our target is to go back to the level that we had attained four years ago that is a turnover of about 1700 Crores so we have spare infrastructure to achieve that, as all of you know most of our equipment are all almost all of our equipment is self owned.



Ahluwalia Contracts India Limited
February 16, 2015

- Chintan Sheth:** That is it from my side and all the best. Thanks.
- Moderator:** Thank you. Our next question is from the line of Manish Valecha from Anand Rathi. Please go ahead.
- Manish Valecha:** Sir just one question one was the how much is the accumulated loss remaining in the balance sheet for tax benefits?
- Rohit Patni:** Around 67 Crores after Q3.
- Manish Valecha:** Out of the 425 Crores of debtors that you mentioned how much would be six months or six months and more?
- Rohit Patni:** More than six months including retention money 185 Crores.
- Manish Valecha:** Any status on this, what is the update as where are we stuck on these debtors?
- Shobhit Uppal:** It is that in the past two to three months on the private sector side we have seen increased sluggishness. What I mean to say is that the money supply is further constricted so while we believe that this money will come but I do not foresee an easing in on the private side for at least another eight to nine months.
- Manish Valecha:** But there is no write-off or anything like that which is likely to come in this?
- Shobhit Uppal:** We have no reasons to believe that there would be any write-off.
- Manish Valecha:** The debt reduction of 100 Crores one was 50 Crores that was the preferential debt money that came then what was the remaining 50 Crores where was the inflow from?
- Shobhit Uppal:** Some internal accruals and also we got some income tax refunds so that also flowed back in towards fairing of the debt.
- Manish Valecha:** Have you received the full amount for that Talco plus TDU?
- Shobhit Uppal:** Not yet the final bill is under process that should come in the next month, month and a half.
- Manish Valecha:** Any update on the other service tax issues any further litigation have moved ahead or anything like that?



Ahluwalia Contracts India Limited
February 16, 2015

- Rohit Patni:** All our litigation have moved but one are exempted project from approximate 50 Crores will be reimbursed.
- Manish Valecha:** 50 Crores will be reimbursed?
- Rohit Patni:** No reimburse means sorry reordered.
- Manish Valecha:** That is it from my side. Thank you.
- Moderator:** Thank you. Our next question is from the line of Manoj Kumar from Taurus Asset Management. Please go ahead.
- Manoj Kumar:** Good morning Sir. I am seeing the results it showing that 9 Crores is the finance cost we are bearing because it means that 20 Crores we have earned as a profit from operations and 11 Crores only taken by the equity holder and 9 Crores by the debtors. So I am just asking where is the consolidated, the finance cost at 9 Crores are you getting better ROE in that?
- Rohit Patni:** The finance cost in the fourth quarter is approximately 7 to 7.5 Crores.
- Manoj Kumar:** Are you looking for opportunity in near future?
- Shobhit Uppal:** Come again your voice is not very clear opportunity in what?
- Manoj Kumar:** I am saying that 9 Crores you are paying as a finance cost and other income you are earning as 4 Corers so where come from this other income?
- Rohit Patni:** Other income is sum of our fixed deposit intake as other is income tax refund interest.
- Manoj Kumar:** What about the growth that you are looking for next quarter?
- Shobhit Uppal:** Our growth as I said between 20% and 25% is that was the target that we have set for ourselves one year ago and we are very hopeful that this target will be made.
- Manoj Kumar:** Thanks a lot.
- Moderator:** Thank you. Our next question is from the line of Nitin Arora from Emkay Global. Please go ahead.



Ahluwalia Contracts India Limited
February 16, 2015

Nitin Arora: Just wanted to get a sense from you in terms of the competitive intensity one? Second the average ticket size by different authorities which is coming up in terms of awarding and tendering so how do you see that and as well as you also there where L&T is also there and NCC, Simplex, JMC, just wanted to get a sense from industry per se that how do you see it panning out?

Shobhit Uppal: As I mentioned when this concall started the competition intensity has reduced quite a bit because the number of established players in our sector especially the building sector are no longer eligible at least as of now to bid for large jobs either they are in CDR or they do not meet the revised qualification criteria which the large public sector undertaking has come up with, so what we have seen is that on almost all large job the ticket size varies from about 150 Crores to about 400 Crores and there are players like ourselves, Larsen & Toubro, Shapoorji, and as you rightly mentioned depending on geographical locations JMC, Simplex. So in all tenders are not more than three or four qualified bidders who are being found eligible to bid and this I think will continue for at least a couple of years.

Nitin Arora: Sir when you give guidance on the margin side of about 12% is that including the other income?

Rohit Patni: Yes including other income.

Nitin Arora: Last thing on the debt reduction part there has been a significant debt reduction as guided by you in the starting of the year as well, just wanted to get a sense that is there any further, because definitely we are going to do for 20% - 25% revenue our cash balance is going to increase it is there any other thought process that because we did one JV also with the Russian firm regarding that precast thing so is there any other opportunity we are looking apart from this as well from our building core segment to take to increase our ticket size let to about 1000 or 1500 Crores kind of a work on a per ticket size where utilization of cash will be there?

Shobhit Uppal: No Nitin, as of now for the next two years at least still FY 2017 we aim to be conservative but yes as far as our JV with the Russian company is concerned that I think in about a year's time should start yielding result because going forward mass housing, affordable housing is going to be a major focus area for the government and precasting which is what this tie-up is all about is going to play a major role, so I think that is going to add to our topline but as far as our debt is concerned specifically to answer your question we aim to reduce it to half its present level in the next two years.



Ahluwalia Contracts India Limited
February 16, 2015

- Nitin Arora:** That is very helpful. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Mitul Mehta from Lucky Investments. Please go ahead.
- Mitul Mehta:** Good evening Sir. Can you just give us the breakup of this other income?
- Rohit Patni:** 1.5 Crores from interest on the fixed deposits and 2.12 from the refund of income tax.
- Mitul Mehta:** So when you include your other income in the EBITDA margin guidance so this other income is largely related to the operational income?
- Rohit Patni:** One thing the reason from the including with this is that any party, any clients will give on mobilization advance. I will repay on the interest is part of our operational level so if we received on interest on over the fixed deposit amount it is also including in part of EBITDA level that is the reason.
- Mitul Mehta:** No, the mobilization related income why do not you club it in the other operating income instead of other income for the better convenient for all the shareholders so that we can read it little better?
- Shobhit Uppal:** Mr. Mehta we will consider this.
- Mitul Mehta:** Because once it goes in other income it kind of does not reflected through picture of the margin?
- Shobhit Uppal:** We will talk to our chartered accountants to look into this. Thanks for your suggestion.
- Mitul Mehta:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Amit Sinha from Macquarie. Please go ahead.
- Amit Sinha:** Thanks for the opportunity. My first question is on the revised norms from all these public sector undertakings. Can you please elaborate on the same what are the norms and because in other sectors, we are seeing most of these companies which have gone under CDR and all they are participating in bids especially in the government sector bids?



Shobhit Uppal: What has happened is a) the public sector department to change the profile of the projects now they are coming up with composite projects, “*pehle*” “*first*” the projects use to be cannibalized so there used to be much smaller in size the ticket size use to be smaller and they used to be multiple contractors that is 10-12 contractors, MEP contractors, finishing contractors, who working on the same job. Now more and more tenders which are coming out are composite bids and as I motioned earlier the value, the ticket size has increased varies between 150 to about 400 Crores because these are composite and one of the criteria or there are two primary criteria’s financial as well as the technical. So technical criteria is such that the potential bidder should have executed similar buildings right composite buildings so there are very few players other than the ones that I named earlier who has executed large composite jobs so that actually precludes a lot of our past competition from bidding because they cannot qualify. Secondly the financial criteria now depending on the scale of the job, the government departments are asking the bankers to give a solvency certificate which also a lot of our past competition is finding hard to get so that is how the competition is reduced. It is not that directly for companies in CDR they are precluded from bidding it is not that way.

Amit Sinha: Second question is on the private sector sluggishness, which you highlighted earlier what part of our order book is currently under private sector, basically from private sector?

Shobhit Uppal: It is about 50%. As you know or you would know that till about a year ago, year and a half ago, 80% of our order book came from the private sector due to a concerted effort on our part to kind of bag more public sector orders and not look at private sector without adequate due diligence it now stands at more equitable level it is 50-50.

Amit Sinha: I understand it has come down but still it is 50% so do you see more trouble in the working capital segment because of the sluggishness?

Shobhit Uppal: I will be frank that yes, for at least next eight to nine months, the sluggishness on the private sector side will continue and it will only start of abating what the situation will start improving only may be six months from now but having said that the positive aspect is that out of this 50% which would total to about 1600 Crores there is only 300 – 400 Crores worth of orders, which now remain as fixed price orders. Some of the other ones are newer orders where the escalation clauses are built in so the volatility of the market will not affect these orders.



Ahluwalia Contracts India Limited
February 16, 2015

Amit Sinha: My question is in terms of a margin recovery, I understand that there has been certain legacy orders that we are still executing and which has led to our margins being lower this time around but the expectation is that will go back to be I think around 11% core EBITDA margin next year so can you just quantify what are these orders or what size of these orders are left to be executed and how much time will it take to kind of complete these orders?

Shobhit Uppal: You have a couple of questions. Let me first clarify on the first one. We will end this financial year within EBITDA margin of close to 11%, in fact slightly higher than that as far as next year is concerned, we aim on or target is 12% and we see that being easily achievable. One on account of the fact that a lot of a 90% of our fixed price orders have been completed and as far as out of the legacy orders are concerned only about 10% which is about 300 to about 350 Crores which are fixed price which are remaining which should also get over in the next three to four months.

Amit Sinha: Thank you Sir.

Moderator: Thank you. Our next question is a follow up question from the line of Chintan Sheth from SKS Capital & Research. Please go ahead.

Chintan Sheth: Regarding the interest cost we currently for the nine month we have paid around 29 Crores interest on a gross debt of 130 odd Crores we also considerably reduce our gross debt over the last six to nine months what kind of quarterly runrate in interest cost we expect going forward and what is the average cost of debt?

Rohit Patni: At presently our average cost is in 13% to 13.5% about 29 Crores the finance interest cost is initially our borrowing is 245 Crores since the 145 Crores reached from the December 31, 2014 and most of the part is on the second week of December. So the financial cost will decrease in the next quarter or next financial year.

Chintan Sheth: What will be the numbers look like going forward from 250 to 300 odd Crores in the beginning of the year and now we are halfway through it so we can expect half basically?

Rohit Patni: In FY 2016 see 25 to 28 Crores is our interest cost.

Chintan Sheth: Thanks.



- Moderator:** Thank you. Our next question is from the line of Amber Singhanian from Asian Market Securities. Please go ahead.
- Amber Singhanian:** Just a couple of questions, one follow up question on the interest part as the previous participant also asked that we have almost reduced the debt to 50% whereas we are guiding our interest cost next year to be approximately 27 – 28 Corers compared to around 35 – 34 Crores this year so would it be because of the higher financial cost next year we are expecting or what would be the reason Sir?
- Shobhit Uppal:** No as Rohit gave a conservative figure it can be slightly lesser than this also but you should keep in mind that this interest cost also includes the interest which we get on the mobilization advances.
- Rohit Patni:** Plus bank guarantee commission charges this is the finance cost.
- Amber Singhanian:** Currently how much mobilization advances we might be using out of the total numbers?
- Rohit Patni:** We have presently 125 Corers mobilization advance on approximate 60 to 70 Crores we have to pay interest.
- Amber Singhanian:** So out of this 60 – 70 Crores is the interest bearing advances?
- Rohit Patni:** Yes.
- Amber Singhanian:** Sir out of this 185 Crores of debtor more than six months how much is the retention money?
- Rohit Patni:** 110.
- Amber Singhanian:** You mentioned about the L1 position of around 1000 Crores in which 700 Crores is the healthcare 300 Corers is the education could you give some more color about which kind of orders are these and how big is the ticket size in these orders or is it the single order size?
- Shobhit Uppal:** Not a single order. There is education the one which I mentioned. This is IIM. A new IIM is coming up in Rohtak. The tenders were open last week there were four prequalified parties, L&T, Shapoorji, Ahluwalia and Simplex and we are L1. The value is about 320 Crores. The other three orders are in the healthcare segment, two are with



the All India Institute of Medical Sciences, Delhi and the ticket size is about 250 Crores each and the third one is a medical center in Kolkata the ticket size is about 100 Crores then there would be a couple of smallish orders about 50 Crores each but these four are the main ones.

Amber Singhania: These would be converted into order book mostly in Q1 or this quarter itself we are expecting this to come in?

Shobhit Uppal: I think we are expecting that in the next month they should be before the closure of this financial year at least 70% - 80% of this should be converted. What we are seeing is that due to various reasons in the last couple of months the activity on the government side decision making has slowed down a bit maybe because of their preoccupation with various state elections and so on and so forth, we hope and we feel that this will kind of change in the next month or so and then all these the tenders and everything have already been done we are L1 so it is just a question of the file coming back from the ministry and the concerned department of the client awarding it.

Amber Singhania: How is the funding of these projects Sir would this required a similar kind of working capital which currently we are managing or we can improve that on the basis of these orders?

Shobhit Uppal: It would be similar.

Amber Singhania: It would be more or less similar. Also Sir if you can throw some light about the future bidding pipeline apart from this 1000 Crores which we are already L1 how that is looking in and if you can throw some light about the prominent orders which we might be looking to bid in the future?

Shobhit Uppal: Amber as I said when the initial lots of questions were asked I do not foresee any problem in bagging orders to meet our growth targets. Our growth targets are conservative what we are seeing is that there are more and more jobs which are coming up if you gentlemen would have read the papers today in Delhi, there are plans for a new secretariat costing about 12000 Crores and that is going to be funded by a real estate projects in prime property, which the government owns in South Delhi aggregating about 350 to 400 acres. The cost of that construction I am told would be anywhere between 15000 and 20000, 25000 Crores so there are number of such orders which are now we can see there are entities like NBCC, who are leveraging their expertise and talking to various government departments to utilize the lands which have



Ahluwalia Contracts India Limited
February 16, 2015

been lying unused for the past so many years. One case in point being the project like at Kidiyanagar, there are many such projects which are in the opting plus the continued focus for the increased focus of the various state governments along with the central government on healthcare, large hospitals and education sector so I think we foresee a lot of activity in the buildings and the factories segment as far as the industrial factories are concerned which is the Prime Minister's Make in India vision or exaltation to all industrialists I think in the next three to six months we will see an increased burst of activity in the manufacturing segment also. So some orders will come from that side. I already did talk about the housing mass housing and affordable housing that is another area which is just I think about to explode. So all in all, all that Ahluwalia is targeting is a 20% to 25% growth. So to do that our target is a new order book of about 1600 Corers in the next financial year so we have a past hit rate of about 20% which is considered to be quite good in our industry so to do that that means we will have to bid for orders close to about 8000 Crores and that kind of visibility is there.

Amber Singhania: Just to summarize we are guiding for FY 2015 around 11% plus margin this year and next year margin at around 12% and on the revenue growth we are targeting around 20% - 25% growth in FY 2016 over FY 2015 am I correct?

Shobhit Uppal: Yes.

Amber Singhania: That is all from my side. Thank you very much.

Moderator: Thank you. Next question is from Kirti Dalvi Enam Holdings. Please go ahead.

Kirti Dalvi: Good evening Sir. A few questions from my side. What was the order inflow in the third quarter?

Shobhit Uppal: In the third quarter the actual translation of bids into order has been very less I think it has been about 50 Corers.

Kirti Dalvi: What it was in the previous year same quarter?

Shobhit Uppal: Previous year same quarter, I am afraid I would not have that data readily available.

Kirti Dalvi: If it is possible to get your first quarter and second quarter order inflow?



- Shobhit Uppal:** Our total order inflow in this year has been 950 Crores so 900 would be in the first two quarters more or less evenly distributed in the two quarters the third quarter has been sluggish. We would be expecting that to be made up in the fourth quarter.
- Kirti Dalvi:** Can we expect that 1000 odd Crores currently you are L1 at least 60% - 70% can get fructified in the fourth quarter?
- Shobhit Uppal:** It will. I did mention it to the earlier to Amber that 60% to 70% we are expecting in the next month and a half.
- Kirti Dalvi:** In terms of your topline you may said this year probably we are looking around 1100 Crores am I right on that?
- Shobhit Uppal:** Yes you are.
- Kirti Dalvi:** That means fourth quarter runrate has to be something like 40% - 50% growth in the topline for the quarter?
- Shobhit Uppal:** Yes we have to do a topline of about 350 Crores.
- Kirti Dalvi:** Which is possible given in spite of the sluggish environment currently in the market?
- Shobhit Uppal:** Yes it is. We have done our own internal calculations on the public sector jobs that have started or underway we should be able to do that.
- Kirti Dalvi:** What would be your effective tax rate Sir?
- Rohit Patni:** This financial year there is no tax and the next financial year the approximate 20% to 25% and FY 2017 is a full tax rate.
- Kirti Dalvi:** Probably we need to grow our order book roughly 25% to clock that 20% - 25% revenue growth and that kind of visibility you are having that is what you discussed in the previous participant?
- Rohit Patni:** Sir. Thank you very much and wish you good luck.
- Moderator:** Thank you. Our next question is a follow up question from the line of Amber Singhania from Asian Market Securities. Please go ahead.



- Amber Singhania:** As you mentioned about the tax rate just now that this year there will be no tax we have already paid around 2.5 Crores in nine months so would it be fair to assume there will be a reversal in Q4 or it would be similar to this number?
- Rohit Patni:** There will be a reversal in future.
- Amber Singhania:** Reversal in Q4.
- Rohit Patni:** In Q4.
- Amber Singhania:** For FY 2016 what could be the number we can assume like we have an incremental loss of around 67 Crores so to the tune of that we will be getting tax benefit and then after that will be full tax right?
- Rohit Patni:** Yes after that, in Q4 some of losses will be received they are less on 67 Corers and the balance amount will be on up by FY 2016 is the tax free other is a full of tax 30%.
- Amber Singhania:** Also if you can give some light about our Kota project how the progress is done what exactly there are contours of the project which is currently panning out and how the future of that is looking?
- Rohit Patni:** The Kota project is currently on 40% to 50% is leased out see operationally on May 2015.
- Shobhit Uppal:** Out of the total area about 50% has been leased out and the inflow is expected to begin in and around June because that is the time when the summer vacations are on most of the retail space is actually launched and the inflow will begin in about eight to ten months time we feel that we would have leased out 70% to 80% of the area the term loan has already been paid off on this project so as it stands it is loan free now and the returns will start coming in next financial year.
- Amber Singhania:** Roughly what kinds of revenue we can expect at 70% to 80% lease our space in full year basis next year maybe?
- Shobhit Uppal:** We should be expecting revenue of close to about 80 lakhs per month.
- Amber Singhania:** We have invested approximately around 38 Crores if I am not wrong?
- Shobhit Uppal:** Come again.



Ahluwalia Contracts India Limited
February 16, 2015

- Amber Singhania:** How much we have invested in this project total?
- Shobhit Uppal:** The total investment after we paid off the bankers is about close to 70 Crores.
- Amber Singhania:** So now total investment stands at 70 Crores and we are expecting around 80 lakh odd per month of revenue from this?
- Shobhit Uppal:** Yes and then in this project there is 90 room hotel, which is yet not leased out because the hotel industry is sluggish that we are looking at an operator to run so that will take I think a year, year and a half so what I am trying to say is after about a year, year and a half the revenues from that will also be coming in.
- Amber Singhania:** So this Rs.80 lakh approximate is without considering this hotel room?
- Shobhit Uppal:** Yes.
- Amber Singhania:** Any plan to monetize this asset in the future on what could be the timeline we are looking on that?
- Shobhit Uppal:** We are quite keen once the industry improves the general economy improves if we get a good price we can.
- Amber Singhania:** The proceeds will be use for the repayment of debt mostly?
- Shobhit Uppal:** Exactly, it is in the parent company so all the proceeds will come we will be ploughed back into the company.
- Amber Singhania:** Thanks a lot.
- Moderator:** Thank you. As there are no questions I now hand the conference over to Mr. Singhania for closing comments. Over to you!
- Amber Singhania:** Thank you. On behalf of Asian Markets, I thank the management of Ahluwalia Contracts Limited and all the participants for joining this call. With that we conclude the call. Sir would you like to make any closing remarks?
- Shobhit Uppal:** No, Mr. Singhania thank you, I thank everybody who participated in the conference and look forward to talking with all of you again in the near future. Thank you so much.



Ahluwalia Contracts India Limited
February 16, 2015

Moderator: Thank you. Ladies and gentlemen on behalf of Asian Market Securities that concludes the conference call. Thank you for joining us. You may now disconnect your lines.