



“Ahluwalia Contracts (India) Limited  
Q4 FY 2018 Earning Conference Call”

**May 31, 2018**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Ahluwalia Contracts (India) Limited Q4 FY2018 Earning Conference Call, hosted by Asian Market Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, 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 Sir!

**Amber Singhania:** Thank you Raymond. Good morning everyone. On behalf of Asian Market, I welcome you all to the Q4 FY2018 Earning Conference Call for Ahluwalia Contracts Limited. We have with us today Mr. Shobhit Uppal, Deputy MD and Mr. Rohit Patni, Investor Relations Executive representing the Company. I now request Mr. Uppal to take us through the quarterly results and the overall outlook on the business and the sector. Then we can start with the question-and-answer session. Over to you Sir!

**Shobhit Uppal:** Good afternoon. I am Shobhit Uppal. Along with Rohit, I also have Satbeer and Vijay our Accounts and Finance Head who will join me on this concall, so I welcome you all. We have announced the results for Q4 and we are ending FY2018 yesterday.

At the beginning, I would like to inform you that in its history Ahluwalia Contracts India Limited has for the first time crossed the threshold of Rs.1000 Crores PAT, so during the Q4 FY2018 the company has achieved a turnover of Rs.446.77 Crores and a PAT of Rs.31 Crores as compared to a turnover of Rs.471.86 Crores and a PAT of Rs.20.13 Crores in the corresponding quarter of FY2017.

EPS of the company secured for FY2018 is Rs.4.63 as compared to Rs.3 in Q4 of FY2017. The company's EBITDA margin in this Q4 of FY2018 is 11.95% as compared to 9.08% and the PAT is 6.94% as compared to 4.27% in the corresponding period of the least year. During the entire year of FY2018, the company has achieved a turnover of Rs.1646.58 Crores and a PAT of Rs.115.45 Crores as compared to Rs.14.26 Crores and a PAT of Rs.86.31 Crores in FY2017. Thus the year-on-year growth in the venue is 15.42% and in PAT is 34%. EPS of the company for FY2018 is 17.23% as compared to 12.88% for FY2017. During FY2018, the company's EBITDA margin is 13.32% and PAT is 7.01%.

Net order book of the company as on date stands at Rs.3700 Crores. You will also be glad to know that the company has declared a dividend 15% in this year. We are now declaring this dividend after six years.



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Thank you and I hand you over for the questions now.

- Moderator:** Sure. Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Utsav Mehta from Ambit Capital. Please go ahead.
- Utsav Mehta:** Good morning Sir. Sir I just wanted to know amongst the employee cost for the full year, which is Rs.134 Crores what proportion of that is the company employee labor cost? Would that figure be handy?
- Satbeer Singh:** The employee cost is around Rs.133 Crores.
- Utsav Mehta:** Sorry I did not get that figure?
- Shobhit Uppal:** Sir we will get back to you with what percentage is the employee cost. You are saying what percentage are the employees on roles right.
- Utsav Mehta:** Yes, so basically I think there is a certain component of the employee cost that we report, which also includes the labour?
- Shobhit Uppal:** Yes, so this combined, so we will get back to you.
- Utsav Mehta:** Actually it was sort of part of my question. My question was that if I look at your employee cost it is probably as a percentage of revenue amongst the lowest in the industry? Our net block, I think it is largely Rs.180 Crores out of which I think Rs.100 Crores odd would be quota, so on Rs.100 Crores we are doing reasonable amount of revenue? Do you believe at some point of time investments in both manpower and in terms of net block will have to increase materially to do the kind of order book that we have right now?
- Shobhit Uppal:** Not really. If I understand your question, I think it means that the productivity. Over the past few quarters for the last three years, I have always maintained that we are actively working to increase the productivity and it is being reflected in our numbers right, so Ahluwalia is becoming leaner and the efficiency is increasing.
- Utsav Mehta:** You believe this employee cost of 5.5% of revenue odd that is the number that you can carry forward even when you are doing a topline of let us say Rs.3000 Crores?
- Shobhit Uppal:** Yes, we have to. We will have to. The productivity as I said is increased as a result of the recycling processes that we have started about five years ago and our numbers reflect that. I think we can may be we are actually working to reduce it further.



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**Utsav Mehta:** Sir in terms of net block Rs.100 Crores on net block, but a Rs.1700 Crores revenue how much more investments do you think you will require in capex?

**Shobhit Uppal:** I do not see any major capex happening over the next few years, but after that I think we would have to invest. This will go up proportionately.

**Utsav Mehta:** Understood and Sir my question is on NBCC tenders. Obviously the company NBCC itself is very bullish on it redevelopment projects? They are talking about sort of tendering out more of the government colony projects and packages over the next couple of quarters? How in your opinion how do you view bidding for redevelopment projects, which is the self-financing projects that NBCC is doing out? Do you see a sort of receivable risk to those kinds of projects or do you think NBCC is good enough to cover for those?

**Shobhit Uppal:** Again I am repeating myself, but we are not overtly bullish on NBCC. I have always maintained NBCC is like one of the other nodal agencies for us like CPWD or HSCC or various state PWDs where we are working, but we are not overtly excited about NBCC. NBCC has some plus points and some minus points, so while we bid for some of these jobs of redevelopment a couple of orders I think aggregating about Rs.11500 Crores are in our pipeline also, but we are not going to bid indiscriminately like some of our peers are doing because there are challenges while working for NBCC.

**Utsav Mehta:** But you believe that whether it be a redevelopment or a government backed project makes no difference to the receivable days or do you think there could possibly be a difference that could crop up?

**Shobhit Uppal:** It depends on the project-to-project. It depends on the location, so we as a part of our due diligence look at the project very intensely or do a deep dive and then we take a decision on how aggressively to bid or whether to bid at all or not, so you are right while some of the institutional projects that we are having as a pure PNC that we actually are more interested in bidding.

**Utsav Mehta:** Understood Sir and my last question Sir is on dividend. I think we are a well net cash company now. At what stage do you believe that you need to start paying out dividends now to the shareholders?

**Shobhit Uppal:** I just said so. I think you missed that out, Utsav. In part of my opening comments, I said we have declared a 15% dividend.

**Utsav Mehta:** I must have missed it sorry. Understood Sir. Thank you so much for your time.

**Shobhit Uppal:** I think we have the answer to your question the first question as a breakup of the employee cost.



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- Satbeer Singh:** Last quarter it was around Rs.89 Crores and Rs.44 Crores is on employee cost.
- Utsav Mehta:** Sorry Rs.89 Crores?
- Satbeer Singh:** Rs.89 Crores staff cost and Rs.44 Crores is labor cost.
- Utsav Mehta:** Rs.44 Crores would be labor cost. Understood Sir. Thank you so much for your time.
- Moderator:** Thank you. The next question is from the line of Dhruv Agarwal from Crescita Investment. Please go ahead.
- Dhruv Agarwal:** Good morning Sir and congratulations on a good set of numbers and for the strong operational quarter this time around. Sir if you can give the order inflow total amount that you have received for FY2018?
- Shobhit Uppal:** FY2018 the order inflow.
- Satbeer Singh:** Rs.1300 Crores approx.
- Dhruv Agarwal:** Rs.1300 Crores correct?
- Satbeer Singh:** Yes.
- Dhruv Agarwal:** Sir what should be your guidance for the order book inflow for this year FY2019?
- Shobhit Uppal:** Anywhere between Rs.400 Crores to Rs.1600 Crores more.
- Dhruv Agarwal:** Rs.400 Crores to Rs.1600 Crores is the max and you have recently received this order of around Rs.1135 Crores, so that came in the Q1 itself right?
- Shobhit Uppal:** Sorry come again.
- Dhruv Agarwal:** These two AIIMS projects, which you have received just recently, so that was in Q1 of FY2018 if I am not wrong?
- Shobhit Uppal:** Yes.
- Dhruv Agarwal:** The total value of that was around Rs.1100 Crores?



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- Satbeer Singh:** Total value to AIIMS is Rs.1222 Crores to complete these projects in FY2019 first two months 1624 Crores.
- Dhruv Agarwal:** You are almost there in achieving your target for the full year of FY2016 Rs.1600 Crores is what you said correct?
- Shobhit Uppal:** Let me just clarify so the guidance that I had given for this year was about Rs.1400 Crores to Rs.1800 Crores. We have achieved Rs.1600 Crores and what I said was we would get about Rs.400 Crores to Rs.600 Crores more conservative estimate.
- Dhruv Agarwal:** That is helpful Sir. Sir what is the bidding pipeline as on now? Currently you are bidding for projects if you can just give the value of that?
- Shobhit Uppal:** The value is about Rs.3000 Crores.
- Dhruv Agarwal:** Rs.3000 Crores. Are you L1 in any of the orders?
- Shobhit Uppal:** At the moment, no.
- Dhruv Agarwal:** At the moment none and any such slow moving or legacy orders in the order book?
- Shobhit Uppal:** About Rs.150 Crores.
- Dhruv Agarwal:** This is an improvement. Last time in the concall, I guess it was around Rs.200 Crores to Rs.225 Crores. That is helpful. Thank you so much Sir. Thank you.
- Moderator:** Thank you. The next question is from Siddharth Rajpurohit from JHP Securities. Please go ahead.
- Siddharth Rajpurohit:** Good morning Sir. Sir can I have the breakup within the finance charge between interest and bank charges? For the year if you can give X the provision that you did for the last quarter?
- Shobhit Uppal:** Siddharth can you repeat the question. You were not very clear finance charges for.
- Siddharth Rajpurohit:** The breakup between interest outgo and bank charges?
- Shobhit Uppal:** We will just provide it.
- Siddharth Rajpurohit:** Excluding the provision one provision that we did last quarter if you can?



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**Satbeer Singh:** The last quarter we have had a provision around Rs.8.76 Crores and other than that interest on borrowings comes up to around Rs.817 Crores. The rest are the bank charges.

**Siddharth Rajpurohit:** Sir what will be your capex for this year FY2019?

**Satbeer Singh:** Rs.17 Crores to Rs.18 Crores.

**Siddharth Rajpurohit:** Sir in terms of construction Sir what are the new trends if you can give us some guidance in terms of what are the changing trends and the kind of constructions that are happening now Sir?

**Shobhit Uppal:** Newer technologies are here, which can increase or decrease the timelines of a project. There is aluminum shuttering, there is precast technology, which is being used, there is PVC shuttering, which is being used, and there is climbing form shuttering. Basically there is a major change in the shuttering systems, which are being used, so that the floor to floor cycle can be reduced in a project because there are more and more high rises, which are coming, so to complete a project in say two and a half to three years, the floor to floor cycle needs to be shortened. With all these technologies depending on the location and depending on the structural design anyone of these technologies is now used and conventional shuttering technology is generally being phased out. Then more and more sustainability is being asked for by the client especially multinational clients towards that fly ash are being used. Fly ash bricks are being used. Lightweight blocks are being used. Now more for review of all projects, there are newer software's, which are coming BIM from Autodesk is being promoted to virtually plan a project as far as design and execution is concerned and then execution on the ground becomes easier or is done in a more planned manner leading to lesser wastages both of resources as well as time. New machineries are coming in to reduce the dependence on labor because as all of us know skilled labor is a huge, huge problem in our industry, so these are some of the changes, which are there.

**Siddharth Rajpurohit:** If we sum up, the benefits will be more towards saving on time and leading to better operating efficiency not much on material consumption?

**Shobhit Uppal:** Overall quality will also go up because to use these technologies there will have to be greater standardization. Greater standardization would mean better planning from the side of the architects and consultants, so if standardization is there, there will be better planning, upfront there would be lesser rework, there would be a reduction in say breakages of work, which is already done, so quality will also go up.

**Siddharth Rajpurohit:** Sir the recent contracts that we have won these contracts have escalation clause?



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- Shobhit Uppal:** Yes. The two AIIMS projects that we won, which aggregate about Rs.1250 Crores, they have escalation clause.
- Siddharth Rajpurohit:** We were in the last conference call, we have talked about some diversification plans with regards to moving into near streams of infra space, so if you can guide something?
- Shobhit Uppal:** I do not recollect having said that no. We are very clear. We remain focused on our core competence is building, but within buildings, we will do projects in the entire sector of buildings be it hotels, be it hospitals, be it metros, be it factories, commercial complexes, so on, educational institutions, which we are pretty much doing. Our order book is well diversified within the building industry. Other than that we have no intention of going into heavy infra play.
- Siddharth Rajpurohit:** We were looking towards in airport works also?
- Shobhit Uppal:** We are bidding for airports. We have already executed one airport, which is Ranchi Airport and we are bidding for airports yes, but essentially these are building projects.
- Siddharth Rajpurohit:** That is right Sir. Fine Sir I come back in queue for more questions. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you. Sir just wanted to know are we operating our revenue guidance for FY2019 and may be for FY2020?
- Shobhit Uppal:** About 20% growth.
- Shravan Shah:** 20% in FY2019 and also in FY2020?
- Shobhit Uppal:** Yes. At the moment, this is the guidance.
- Shravan Shah:** But this is based on the assumption that we are thinking adding another Rs.400 Crores to Rs.600 Crores more orders, but do you also envisage this can also maybe go up to more than Rs.1000 Crores order inflow?
- Shobhit Uppal:** Shravan, you are the one who is putting words in my mouth or maybe you have had many interactions. I have always been conservative provided at the end of year, we do not end up disappointing you guys, so at the moment I have already increased the growth targets. Last time, I think I mentioned 15%, so it is at about 20% factoring in this that we have already got new orders





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worth about Rs.1600 Crores in the first month of this year, so we should I think be comfortably be able to get Rs.500 cores to Rs.600 Crores more.

- Shravan Shah:** In terms of the margins it would be 14% dividend level?
- Shobhit Uppal:** 13% to 14%.
- Shravan Shah:** Lastly in terms of the working capital if you can help me. Will it remain at the same level or maybe it is slightly we can save more improvement?
- Satbeer Singh:** There is an improvement of three to four days.
- Shravan Shah:** Improvement of three to?
- Satbeer Singh:** To four days.
- Shobhit Uppal:** Going forward seven it will improve. The past overhang is almost gone now, so it will improve further.
- Shravan Shah:** Lastly Sir breakup of order book?
- Satbeer Singh:** Segment wise?
- Shravan Shah:** Yes.
- Shravan Shah:** Geographical I would say now 55%.
- Shravan Shah:** Sorry Sir if you can speak louder.
- Satbeer Singh:** This is geographically, north is 55% and east is 31% and the west is 41% and southern wise, 33.76% and realization private is 18.63%, commercial 7.42%, hospital 19.07%, infrastructure 8.64% and residential format is 12.19%.
- Shravan Shah:** Thank you and all the best.
- Moderator:** Thank you. The next question is from Kunal Bhandari from HDFC Securities. Please go ahead.
- Kunal Bhandari:** Thank you for the opportunity Sir. Sir out of the Rs.1600 Crores that you won in Q1 Rs.1200 Crores is AIIMS project, Sir what is the remaining Rs.300 Crores to Rs.400 Crores?



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- Shobhit Uppal:** We have got projects for an exhibition Milan Mela Complex in Kolkata from the Government of West Bengal this is about Rs.262 Crores and the rest are extensions of contracts, which we are executing with some of our present clients like Kanda Group.
- Kunal Bhandari:** Sir regarding the AIIMS projects what would be the execution timeline here and how this will flow into revenues?
- Shobhit Uppal:** Two years.
- Kunal Bhandari:** Two years?
- Shobhit Uppal:** Yes.
- Kunal Bhandari:** Thank you Sir. That is from my side.
- Moderator:** Thank you. The next question is from Viral Shah from Emkay Global. Please go ahead.
- Viral Shah:** Good morning Sir. A couple of questions; one in terms of our margins what will be margin be for our entire order book?
- Shobhit Uppal:** What would be margins?
- Viral Shah:** What would be margins for our entire order book Rs.4800 Crores? We have bidded for what kind of margins for the project?
- Shobhit Uppal:** I think I mentioned to Shravan it is about 13% to 14%.
- Viral Shah:** 13% to 14% and the average life of these projects should be two and a half years?
- Shobhit Uppal:** Two and a half to three and a half years.
- Viral Shah:** Two and a half to three and a half years, so basically if you take the HAM project Rs.1200 Crores our topline and I believe the execution would start in FY2019 right, so there is a possibility of this 20% guidance going to 25% or not?
- Shobhit Uppal:** At the moment, I am sticking to 20%.
- Viral Shah:** Fair enough Sir and just last number in terms of debt what will be our gross debt be if you could share that?



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- Satbeer Singh:** Rs.29 Crores.
- Viral Shah:** Sorry I did not get that number?
- Satbeer Singh:** Rs.49 Crores.
- Viral Shah:** Rs.29 Crores right?
- Satbeer Singh:** Yes.
- Viral Shah:** Fine. Fair enough and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Good afternoon Sir. Thanks for taking my question. First was on the order book you said we have in the presentation was about 3000 odd Crores, how is it split between various segments in terms of private and public because the time in again saying that we have 50% coming from private and 50% from government, so how is that shaping, are we getting closer to that number because if I look at the current order book the number has increased in favour of government because of the AIIMS order that we were unable to get in this quarter?
- Shobhit Uppal:** Yes, we are coming closer to making an equal the portfolio is divided equally between private and public, yes with the AIIMS I think today after AIIMS coming it is about 75:25 so, the private commercial market is picking up again. I think by the end of the year it should be about 60:40.
- Prem Khurana:** How would the number be in terms of the Rs.3000 odd Crores of pipeline that you have today as in terms of mix private and public?
- Shobhit Uppal:** At the moment about 20% is private out of the 3000 Crores.
- Prem Khurana:** Sir just to understand better on you cash flows, you were eventually saying we will get to have some more improvement on working capital side which is essentially means we would be left with even higher cash and bank balance next year, so do we have any end use in this cash flow that you will get to have next year or year after that?
- Shobhit Uppal:** So, as I said the year after that the capex will go up, but at the moment for this year we are just looking to use the higher cash inflows to increase our efficiency as far as procurement is concerned and bring down our cost.



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- Prem Khurana:** And any update on Kota asset in terms when would we get have our number in terms of lease rental that we used to target, so still are around Rs.4 odd million in terms of quarterly I think, so which is almost around Rs.1 odd million a month the idea was to take it to almost 7 to 8 million per month?
- Shobhit Uppal:** Yes, so this year I think there should be a substantial upswing because there is in fact as far as Kota as the geographical location is concerned and that is being reflected on the enquiries that are coming up our way as far as e-way bill is concerned and two three areas getting operation in this quarter like the Food Court, the multiplex is already operational, so I think this year should see a substantial upswing may be in the second half of this financial year.
- Prem Khurana:** Sir, is it fair to assume that if you have to reach 80, 90 was in the occupancy level you would want to monetize which is and you would be able to get a good value for the subset if we are planning to monetize this?
- Shobhit Uppal:** We are open to that as I always maintained, but at the moment in the short-term we are looking to increase our return from that project and make it 100% used out.
- Prem Khurana:** Sir, how much was the incremental capex that we were supposed to have for this property?
- Shobhit Uppal:** Come again.
- Prem Khurana:** Incremental capex that we were suppose to have the hotel that we planned on this property the Kota side, so we were suppose to have some more capex of this property right?
- Shobhit Uppal:** It is about 8 to 10 Crores.
- Prem Khurana:** So is it done or is it still underway?
- Shobhit Uppal:** No, it is not done.
- Prem Khurana:** And would that take place this year or planning for the capex to stabilize and then only?
- Shobhit Uppal:** It will not take place this year.
- Prem Khurana:** Sure. Thank you. That is, it from mine.
- Moderator:** Thank you. The next question is from Gurpreet Arora from Quest Investment. Please go ahead.



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**Gurpreet Arora:** Thank you for this opportunity. Congratulations on very impressive numbers. My first question is related to our competition, what sort of intensity using now and what sort of intensity you envisage going ahead and second related question to this is you mentioned your order book pipeline of around 3000 Crores, in terms of ticket sizes what are we aiming if you can highlight that with that please?

**Shobhit Uppal:** So, your first question as far as the competitive intensity is concerned it is there, it is increasing so what we are doing is that, that is why I am keeping our growth guidance conservative because we are focused on growing our topline not as much as we are growing our profits, so that is why our target to be entire year, I only revised of course by about 400 to 500 Crores. As far as the further pipeline is concerned, the contract sizes vary from about 200 Crores to about 900 Crores. Our average, I think what we are looking at is that since we qualify in projects size about 800, 900 Crores, but here also the competitive intensity is high, so most of the projects, which will come in the rest of the year, I think there would be more in the range about 200, 250 Crores because we are seeing renewed interest as far as the private commercial side is concerned so that is what our focus now is and as I mentioned earlier we would look to maintain the balance between private and public sector.

**Gurpreet Arora:** Sir, what would be average number from bidders today it will 5, 6 today?

**Shobhit Uppal:** Average number of bidders on the project is it, is that what you are asking?

**Gurpreet Arora:** Yes.

**Shobhit Uppal:** So, it was 5 plus 5000 Crores like AIIMS that we won, there were four bidders who could quality, say plus 500 Crores there are four to five bidders, sub 500 Crores it increases from 5 to 10.

**Gurpreet Arora:** Sure, second question is any thoughts on the private estate?

**Shobhit Uppal:** As I said the commercial it is improving. It is in the metros, residential continue to be serviced.

**Gurpreet Arora:** Sure and within the private share estate size we have a lot of marquee customers like Times of India where we secure contract primarily on bilateral addition, so it there anything coming up from their side?

**Shobhit Uppal:** Yes, we have recently won orders from Times of India, which aggregate about 100 Crores, Amity is the longstanding client, so they are looking at starting some new campuses in different geographies, which they are talking to us, Candor Group Field is also an existing client, some orders exiting contracts they have extended already by increasing our order size, some ones also



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are expected, yes these are the some of private clients where we expect who will drive our order book growth.

**Gurpreet Arora:** Next question is you seem to have a pretty good strike rate in within the hospital or healthcare segment order, so if you can elaborate little bit on that and is it safe to assume that the hospital segment margins would be better than your usual 13%, 14% guidance?

**Shobhit Uppal:** Yes, they are higher primarily in an account of the fact that the competition is lesser. There are fewer parties, as I mentioned earlier who have the experience and hence who can qualify to bid for these jobs and we have in-house expertise to develop any PP project especially healthcare project, we do various MSE work in-house we do building for guard work in-house as I mentioned earlier when you plan a project well you have in-house capabilities to plan or virtually create a project in-house, which leads to higher efficiencies while execution, so that answer your question.

**Gurpreet Arora:** How many live sites do we have today?

**Shobhit Uppal:** I think we have about 60 live sites.

**Gurpreet Arora:** And with the current gross block and manpower, how much can we more extended to?

**Shobhit Uppal:** We can be extend it by about 10%.

**Gurpreet Arora:** You would have to expand in terms of manpower and gross block?

**Shobhit Uppal:** That happens when new sites, manpower is not really a part of gross block, manpower as and when a new site begins one has to arrange new manpower.

**Gurpreet Arora:** Last question from my side, can you update us on few big ticket contingent liability as if I can see the latest from FY2017 annual report in terms of tax liabilities what is the status anything changes for that and have made any provisions?

**Satbeer Singh:** Right now contingent liability is in regarding to the services side and is around 144 Crores related to taxation, that is VAT and basically excise that has come down around 50 Crores this year and now we are expecting also in the coming years that would be brought down to nil.

**Gurpreet Arora:** That is, it from side. Thank you so much and good luck for you ahead.

**Moderator:** Thank you. The next question is from Parvez Akhtar from Edelweiss. Please go ahead.



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- Parvez Akhtar:** Good afternoon Sir. Congratulations for a good set of number. Sir, the first question is I mean obviously NCR private residential market remains weak, but some of the other geography especially south seem to be picking up, so we looking at that segment or are we content and happy doing commercial and execution projects only?
- Shobhit Uppal:** So residential private size is not really on our radar unless and until it is an existing client where we feel comfortable executing for him. Does that Parvez is that answer your question?
- Parvez Akhtar:** Yes, Sir, sure. The other question is I had certain bookkeeping questions, first of all sorry, but I missed what was the order book at FY2018 end?
- Satbeer Singh:** For FY2018 is 30747.
- Parvez Akhtar:** And what was our gross block at FY2018 end?
- Satbeer Singh:** Gross block is around 139 plus 39, 228 Crores.
- Parvez Akhtar:** And what is the cost of debt currently?
- Satbeer Singh:** It is around 9.25.
- Parvez Akhtar:** And Sir, lastly I missed the debt figure, was it 49 or 29?
- Satbeer Singh:** 29.
- Parvez Akhtar:** Sure, thanks that is from my side.
- Moderator:** Thank you. The next question is from Rita Tahilramani from SBI Capital. Please go ahead.
- Rita Tahilramani:** Sir, congratulations on good set of numbers. Sir, I could have the revenue in the Kota project is FY 2018?
- Satbeer Singh:** FY2018 1.25 Crores.
- Rita Tahilramani:** And do we expect to breakeven in this particular project?
- Satbeer Singh:** Next year.
- Rita Tahilramani:** That is, it from my side and good luck for future.



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**Moderator:** Thank you. The next question is from the line of Amber Singhania from Asian Market Securities. Please go ahead.

**Amber Singhania:** Sir, just couple of things, if you can give some idea about the pipeline, which are coming for bidding and tendering both in terms of airport project, hospital projects and other big ticket projects where we operate in the segment, if you can just few further details on that?

**Shobhit Uppal:** Healthcare there are few more AIIMS in other states, I think very shortly where is going to an AIIMS tender coming out for the state of Jharkhand. There are I think if my information is correct there are three other AIIMS also lined up, then there are lots state government say in Bihar as a part of our pipeline there are three large hospital projects that we are bidding, I think the aggregate would be about 12000 Crores. There are couple of stadiums which are coming up, which we are bidding as far as redevelopment is concerned CPWD as well as NBCC is coming up with the few of redevelopment project. As part of the current pipeline there is redevelopment of Ayur Vigyan Nagar, which is about I think 1000 Crores next to the existing AIIMS. The tender is already under preparation. There are a couple of other institutional projects of NBCC, which also are under bidding as far as we are concerned. There are few DDA project of design build, which are also under bidding, so this is the existing order pipeline or the bids, which are being prepared. As far as the airports are concerned, the Airport Authority has announced that there would be modernizing or increasing the size of 70 existing airports, we have already bid for two, one was opened yesterday. We were not successful, the other tender is yet to be opened this is for Dehradun and the other tenders as and when they come out we will be bidding for them.

**Amber Singhania:** Fine Sir, secondly if you can also as you said that private real estate you are not very positive as of now, are we seeing any other issues coming in the post where there was a lot of problem that the private real estate will emerge as a large quality for the entire construction space, how exactly we see the space spanning out currently and when do we see this becoming a potential client in future as such?

**Shobhit Uppal:** This is a work-in-progress. As you must have seen from L&Ts results also they have written off projects worth 16000 Crores and most of these are private real estate projects, so while in the long-term, yes this will when I say that we will maintain a uniform mix of 50, 50 between private and public, I expect out of the 50% nearly half of that will come from private real estate play, but that is in the long-term, so over the next couple of years as far as residential private real estate is concern we are not very bullish, but the commercial side or the institutional side or the healthcare side even on the private side that we are bullish.

**Amber Singhania:** Sir, secondly as we already have very negligible debt and working capital side also we are expecting some improvement rather than any more money going into working capital, there is no





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much capex also, so we will be making a good amount of free cash flow, I think roughly we will be giving around 150 to 200 Crores annual cash flow going forward, so any plans to use this cash flow, how are we planning whether it will be in the form of dividend you look like to keep or are we looking any other avenues to deploy this cash any some colour on that Sir?

**Shobhit Uppal:** Dividend of course, we made a beginning, we started as I in my opening remarks I explained we have given dividends this year and this will continue to increase year-by-year, also there would be a slight increase in capex not too much this year, but subsequent year we have and also as I said we would use the free cash flows to increase our buying level are leveraging our LV cash flows to get better pricing from our vendor, which is going to increase our profitability.

**Amber Singhania:** On order book side, just one clarification we have already got 1624 Crores of orders so far in this year and we are guiding for another 400 to 600 Crores of additional order in the remaining part of the year, am I correct Sir?

**Shobhit Uppal:** Yes.

**Amber Singhania:** And just one bookkeeping question, lastly I missed the number for private residential in the current order book?

**Satbeer Singh:** It is 19%.

**Amber Singhania:** Fine, that is all from my side.

**Moderator:** Thank you. The next question is from the line of Kunal Bhandari from HDFC Securities. Please go ahead.

**Kunal Bhandari:** Sir, just one question, I just want to reconfirm what is the current order book as on 2018 excluding the 16000 Crores wind?

**Satbeer Singh:** 307 Crores.

**Kunal Bhandari:** Thank you Sir.

**Moderator:** Thank you. As there are no further questions, I like to hand the conference back to Mr. Amber Singhania for closing comments.

**Amber Singhania:** Thank you Raymond. Thank you everyone. On behalf of Asian Market Securities, I would like to thank all the participants and a special thanks to the management for taking out time and sharing



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insights about the company and the industry with us. Sir, would you like to add any closing remarks?

**Shobhit Uppal:**

Thank you so much everybody for joining in. We hope to spend after the next quarter share with you even better results. Thank you once again and thanks Amber.

**Moderator:**

Thank you very much. On behalf of Asian Market Securities that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.