



“Ahluwalia Contracts India Limited Results Conference Call”

November 15, 2018



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MODERATOR; **MR. SHRAVAN SHAH – DOLAT CAPITAL**



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Moderator: Ladies and Gentlemen, Good day and welcome to the Ahluwalia Contracts (India) Limited Q2 FY19 Results Conference Call hosted by Dolat Capital. 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 this conference call, please signal the 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. Shравan Shah from Dolat Capital. Thank you and over to you, sir.

Shравan Shah: Good morning everyone. I am my colleague, Maulik, would like to welcome you all for Q2 FY19 Results Conference Call of Ahluwalia Contracts (India) Limited. We thank the management for giving us the opportunity to host the call.

From the management we have Mr. Shobhit Uppal Deputy Managing Director and Mr. Rohit Patni Manager Investor Relations. Without wasting much time, I would now hand over the floor to the management for their opening remarks and then we can have a Q&A session. Over to you, sir.

Management: Thanks Shравan. Good morning everybody. Thank you for joining in I have with me our CFO – Mr. Satbeer Singh, our Vice President Accounts Mr. Vijay Jain as well as Mr. Rohit Patni. So Ahluwalia Contract has announced the financial results yesterday for Q2 FY19. During this period the company has achieved a turnover of 439.20 crores and a PAT of 31.16 crores in comparison to the turnover of 334.55 crores and a PAT of 25.77 crores in the corresponding quarter of FY18. The company has achieved a year-on-year growth of 31% in revenue and 21% in PAT. EPS of the company for Q2 FY19 is 4.65 as compared to 3.85 in Q2 FY18. During Q2 FY19 the company EBITDA margin is 13.08% as compared to 14.89% and a PAT margin is 7.09% as compared to 7.7% in the corresponding period. During HY-1 FY19 the company has achieved a turnover of 846.23 crore and a PAT of 59.34 crores in comparison to a turnover of 838.74 crores and a PAT of 55.28 crores in HY-1 FY18. The company has achieved a growth on year-on-year basis of 1% in revenue and 7% in PAT. EPS of the company HY-1 FY19 is 8.86 as compared to 8.25 in HY-1 FY18. During HY-1 FY19 the company EBITDA margin is 13.03% as compared to 12.33% and a PAT margin of 7.01% as compared to 6.59% in the corresponding period. Net order book of the company as on 30th September was 4284.44 crore as on date the order book is 5300 crore to be executed in the next 24 to 30 months. Thank you

Moderator: We will now begin the question and answer session. We have the first question from the line of from Dhruv Agarwal from Crescita Investment. Please go ahead.

Dhruv Agarwal: Sir can you give me the details for the order book inflow for the first half of the year the total inflow of order should be six month of this year?

Rohit: 2000 crore in HY1.



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- Dhruv Agarwal:** Inflow yes?
- Rohit:** It takes 3100 crore. As on date 3100 crore and first six month is 2000 crore.
- Dhruv Agarwal:** Okay first six months 2000 that is from April till now September end correct?
- Management:** And further to that we have got order worth 1100 crores more. So total order inflow in this financial year is 3100 crores.
- Dhruv Agarwal:** And sir for the whole year of FY19 so 3100 crore is what we have already secured how many more orders do we expect to secure in the remaining part of the financial year?
- Management:** We are L1 in another order of about 225 crores we are expecting in the next 30 days that is the LOI for that. So maybe another 400 to 500 crores.
- Dhruv Agarwal:** So can we assume that your bidding pipeline currently is 400 to 500 crore at this point in time.
- Management:** Bidding pipeline is much higher, bidding pipeline is close to 3000 crores.
- Dhruv Agarwal:** What are the projects that you are saying in this 3000 crore is it mostly your buildings and factories which you usually do?
- Management:** Yes these are commercial buildings, institutional buildings, there are some hospitals, there are educational building some amount of residential building government residential building, mass housing.
- Dhruv Agarwal:** And sir what is the total debt as on date?
- Management:** Total debt is 52 crores.
- Dhruv Agarwal:** This is the long term plus working capital, right?
- Management:** Yes.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir you have already secured 3100 crores you are sitting L1 on 425 and you have a big pipeline of 3000 so how are we looking at closing this year in terms of order inflow?
- Management:** As you said around 4000 crores.
- Parikshit Kandpal:** And what it does to the execution in terms of guidance are we increasing?



- Management:** We are giving the guidance at growth about 15% to 20% only. You know there is a logic to that as we come closer to the elections there is going to be a bit of slowdown in execution which I had mentioned last time around also plus due to this NGT and environmental issues NCR which NCR has faced you know there has been an effect the work has been closed for almost two weeks though the work has started now, but to pick up and gather the momentum back to its preclosure time it will take another 15 days, 20 days. So keeping all these factors in mind the topline guidance we are not revising.
- Parikshit Kandpal:** But for next year you have guided for 20% so that may get ramped up significantly?
- Management:** Yes it will be.
- Parikshit Kandpal:** How much it could be 30% plus?
- Management:** It is too early to comment on that but yes it will be higher than this year growth.
- Parikshit Kandpal:** Sir this total 5300 crore or order book how much should be impacted because of NGT or tree cutting ban so how much of this work would not be happening as of now?
- Management:** In the long term for the year for say FY20 the impact would be negligible because the projects which are stalled will also get restarted, the project which we have. We have one project amongst the seven which were stopped by the court. The court has already cleared that project we are in the process of redesigning and submitting our redesign submitting our design again to the authority.
- Parikshit Kandpal:** So what is the remaining value of this work?
- Management:** It is a 250 crore job the remaining value the full value is remaining.
- Parikshit Kandpal:** Lastly is there any uptake on CAPEX because of the order inflows which have happened so do you see any significant CAPEX ramp-up next year?
- Management:** Not significant but yes it has been gradually increasing it will increase in the same proportion.
- Parikshit Kandpal:** Because 20 to 25 crores we have guided so next year how much looking at 40, 50 crores or it will be like?
- Management:** No not that maybe anywhere between 30 to 35 crores.
- Parikshit Kandpal:** And debt levels will be similar because that has gone up this quarter, so is the execution ramping up or it will go further North from here or like how much?



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- Management:** No it will actually come down.
- Moderator:** The next question is from the line of Vibhor Singhal. Please go ahead.
- Vibhor Singhal:** So my question is on the execution part is that I mean of course it looks to be very well settled we would be able to do a 15% to 20% growth kind of topline, any unforeseen risks apart from the elections that you mention that you see that might in terms of not missing the guidance, but in terms of risks that you are seeing in terms of maybe payment delay is also happening because of some of the election things or some of the projects actually stalled anywhere in the region in the next 6 to 8 months?
- Management:** I think it is a general slowdown which may affect the government machinery because it is going to be busy with the elections, but we do not foresee any major risk.
- Vibhor Singhal:** Sir in the pipeline of around basically you mentioned around 3000 crores are there any metro station projects also that we had earlier thought of bidding for or is it just pure building airports and hospitals kind of a pipeline?
- Management:** There is no metro station project at the moment which may come in the next four to five months because we are going to bid for new metros, but yes, we have got one project for redevelopment of Charbagh station with NBCC which is 540 crore project. So that is in line with our focus on urban transportation and one project is the Dehradun airport project which is about 340 crores and in the order pipeline there are a couple of redevelopment station projects which are there like we bid for the Bijwasan Station we are also going to bid for a couple of other stations.
- Vibhor Singhal:** Lastly if I can just ask Rohit to give the breakup of the order book in terms of realization, commercial hospitality and all that?
- Rohit:** Orderbook breakup government and private. Government is a 78 and private is 22. In segment wise commercially is 7% hospital is 37%, infra is 12%, institutional is 25% residential private is 11%, residential government is 7%.
- Vibhor Singhal:** And geography wise East, West, North, South?
- Management:** North is 40, East is 37, West is 22.
- Moderator:** The next question is from the line of Nin Arora from Axis Mutual Fund. Please go ahead.
- Nitin Arora:** Sir just two questions one is in your assumptions because we have next year elections in your expectation what could be the lean period in terms of number of months where you will see the ordering will eventually will not come out so if you can talk on that let say from Feb to October you know there could be a lean period when tendering will eventually come down and that is



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the reason we are bunching up the orders as fast as we can before that lean kicks in and second thing given that NBCC now taken the HFCC any material change you see in the prequalification criteria in terms of easing them and any material change in terms of the payment parts these are the two questions?

Management:

As I have always maintained first six months of the two quarters of the next financial year yes there will be a slow down but we as you rightly said I think are insulated are insulated from that because of the orders that have flown in this year so I guess that answers your first question. The second question regarding NBCC and HFCC it is too early to comments but from all signs that we are getting I think HFCC is going to be a subsidiary of NBCC and it is going to run independently with obviously checks and balances from the NBCC boards. I do not think there is going to be a radical change in the way in the qualification criteria. Keeping in mind the qualification criteria for NBCC for hospitals is also tough like we are bidding for a 1000 crore hospital in Bilaspur which NBCC has come up with tenders form. This is an EPC job and we do not foresee more than three or four bidders qualifying for that, that is what we saw when we bid and one these large aim jobs with HFCC also though they were smaller in size about 650 crores but there were only four players who qualified for all these three jobs Guntur, Nagpur and Kalyani. So I think there are going to be three, four players maximum five players and size actually may increase for these jobs.

Moderator:

The next question is from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.

Subramaniam Yadav:

Sir the order book breakup you have given is for 5,300 crore and not 4,300 crore?

Management:

4,300 crores.

Subramaniam Yadav:

Sir the private residential of 11% how much is out of that in North India may be Delhi and NCR regions?

Management:

Approximate is 6% to 7% is North India and 2% to 4% is West.

Subramaniam Yadav:

Sir do you see any vulnerability in North India any private developers and slow-moving kind of thing in that?

Management:

Not really.

Subramaniam Yadav:

And who are the developers if you can name a few?

Management:

So one is Advance India who we are working within Gurgaon and the other one is Noida Is Pratik these are the two in North.



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- Subramaniam Yadav:** Both this contribute 6-7% right?
- Management:** Yes.
- Subramaniam Yadav:** And the work is going on smooth there?
- Management:** Yes.
- Moderator:** The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Sir my question was with respect to NBCC I think couple of quarters sometime back we were not keen to kind of orders from NBCC but then now we have recently our redevelopment project and then we are also talking some more projects there so what is changed with NBCC now because I think initially we were not comfortable with the way these guys were trying to dictate kind of stringent condition that it was supposed to kind of give you while executing your orders?
- Management:** So this I mentioned in my concall also that now the scale of the project is increased so the competitive intensity has reduced in the higher bracket 1. B these are EPC contracts where we are designing and others things are also in our control. So that with this begin there the chances on delay on our project are reduced considerably.
- Prem Khurana:** But we are comfortable and no escalation clause in your agreements?
- Management:** We can complete the jobs on time because we are doing designing, we are doing execution.
- Prem Khurana:** Also if you could update on Alipore project that was running really slow for some reason last quarter I think?
- Management:** It continuous to run slow because it is being redesigned the government has increased for an increase in the sitting capacity that design has been done and it has been submitted to IIT Kharagpur for approval so I think in this coming quarter it will pick up now.
- Prem Khurana:** And also if you could share working capital days for the quarter how is it now?
- Management:** Approximately 95 days.
- Prem Khurana:** And just one last if could update on Kota where are we in terms of breakeven levels now?
- Management:** Presently half year we have basically revenue of 1.77 crore has incurred losses of around 4.5 crores and we are expecting by the end of year as a whole we are expecting revenue of 4.63 crores and accounting loss would be around 8 crores.



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- Prem Khurana:** And how about cash loss sir?
- Management:** Cash profit is there right now appear 2 lakh and we are expecting that by the end of year 54 lakh cash profit.
- Moderator:** The next question is from the line of Amber Singhanian from Asian Market Securities. Please go ahead.
- Amber Singhanian:** Sir, just wanted to confirm on the guidance part you are saying 15% to 20% for the full year whereas half year we are flat so that means second half we need to do roughly around 35% to 40% kind of growth. Given the election scenario are we confident of that kind of growth coming in and definitely we have the order book, but given the elections scenario are we confident on that part?
- Management:** Yes we are confident. Traditionally the last two quarters are always the revenue inflows always higher so we are confident.
- Amber Singhanian:** Secondly EBITDA margin guidance we are maintaining at 13.55 which we guided?
- Management:** Yes we are.
- Amber Singhanian:** Sir out of the total order book how much would be the slow moving earlier it was 150 crore odd is it same came down or some more?
- Management:** It is same.
- Amber Singhanian:** Sir just one last follow up question on the Kota side earlier we were talking about roughly 8 to 10 crore kind of revenue per year roughly 80 lakh per month kind of revenue coming in on the lease rental how is the scenario now when do we see that kind of revenue coming and when these losses accounting losses will come down significantly?
- Management:** We have already told that we are expecting this year as a whole around 4.57 approximately and will incur loss of around 8 crore this year but the next year we are expecting that the losses would be curtailed to approximately 1 crore to 2 crore and just basically gradually our revenue is increasing this quarter coming quarter October to December we are expecting around 40 lakh per month and next quarter we are expecting 60 lakh per month and in the next financial year from April onwards we were expecting around 75 to 80 lakh per month revenue that is why we are expecting the next year the losses will be accounting loss will be curtailed down to 8 crore to 2 crores in the next year.
- Amber Singhanian:** And with the full occupancy what is the potential in this lease rental is it 80 lakh only or will it go further up on that part on the revenue side?



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- Management:** Pardon.
- Amber Singhania:** On a full occupancy basis what is the potential we can generate in the venture?
- Management:** That we can generate the revenue and in other parts also besides lease rental there are other scope advertisements and other things are there because there are lot of vacant area in mall. We are also leasing out that area. So that is where we are trying to increase revenue and we are expecting that 80 lakhs to 1 crore in the next financial year.
- Amber Singhania:** Any talks on monetizing it?
- Management:** At the moment we are waiting for the general real estate scenario especially on the commercial side to improve in that part of the country, but just to give you a proper idea when we spoke last approximately 40% of the mall was leased out, but till September that number had gone up to 53% by December this will go up to about 65% and by March it will go up to about 75%. So Satbeer has given you the figures that of about 80 lakh per month based on a 75% occupancy is the mall and then in FY20 we are targeting that will be fully leased out and this is apart from the hotel 60 room hotel of which we are not doing any CAPEX at the moment. We want the market to improve then we will get an operate there. So the revenue of 80 lakh to 1 crore per month is without any inflow from the hotel side.
- Moderator:** The next question is from the line of Ankush Mahajan from JM Financial. Please go ahead.
- Ankush Mahajan:** Our hospital portion in order book is quite big, can you give me name of client who are the clients and any specific reason sir the investment is growing in this section actually?
- Management:** Over the last couple of years hospitals and education this is the sector in which government is investing in infrastructure as far as building is concerned. They have come out with policies to increase IIT, IIMs, AIMS and also the state government are also following suite so that is why and then there is lesser competition there are lesser number of parties who have build hospital or have experience of having build hospital in educational institutions that is why our share is high as far as our order book is concerned.
- Ankush Mahajan:** Who are the major clients for this hospital segment sir?
- Management:** As far as the government sector is concerned HFCC is a major client on the private side Tata Son or Tata hospital is a client and now NBCC also has picked up three or four AIMS projects. As I mentioned earlier one large tender has come out for Himachal Pradesh which we are in the process of bidding.
- Ankush Mahajan:** How do you see the pickup in the institutional segment?



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Management: So institutional also the projects are there. So it depends on what you categorize as institutions or there are large government entities coming up with their headquarters of their buildings. So that government spent continuous to be there in that.

Moderator: The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.

Ankita Shah: Sir my question is on order pipeline going forward so basically could you highlight what is the project in L1 and what is the pipeline going forward?

Management: The order in L1 is a hospital project for the government of Bihar in a place called Chhapra and the order pipeline is between 3000 to 3500 crores.

Ankita Shah: And across which segment?

Management: So this is urban infrastructure again hospital and institutional project and some residential project also but again government.

Ankita Shah: Could you highlight few key big project that are coming up?

Management: I already mentioned one is AIMS in Bilaspur for NBCC which is in excess of 1,000 crores.

Management: Invits through NBCC will be approximate 300 crore and some railway station development known as [27:06] is approximate 300 crore.

Management: And then there are some residential project through DDA.

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

Parikshit Kandpal: Just on the residential private segment so now we are seeing consolidation in the industry and there has been some liquidity issues and unorganized players are increasing their shares, so are we having relook in increasing the share in this segment?

Management: No at the moment.

Parikshit Kandpal: Just on the order intake we have been guiding historically taking 1500, 1600 crore order this year start I think we said 1600 to 2000 we have already done 3100 so is it just because next year is going to be a lean year or maybe this time competitive intensity is less so what could be the reason and what kind of inputs next year that could be a significant ramp down in the inflows next year?

Management: You answered part of the question yourself yes we expect to slow down in the first two quarters of next year that this year plus because elections are around the corner so there has been an



increase in the tender pipeline and the competitive intensity has been less and we have been lucky to win few order especially in the areas or the geographies in which we are already operating be it in Bihar, be it in Calcutta. So that is why we have got these orders and they are in line our tendering philosophy or business development philosophy. For the next year because the first two quarters will be slow so yes we do not expect to get similar numbers of orders or quantum of orders but there will not be a significant drop. I think there will be drop not a significant drop.

Parikshit Kandpal: But traditionally that 16 to 2000 it will be higher than that range at least?

Management: Yes. Having said that logically it should be higher whichever government comes to power, but supposing nobody can comment on post selection scenario that rider is there.

Parikshit Kandpal: In terms of ramp up in execution so what kind of additions we have done on a manpower side so you are saying they want many significant CAPEX on the asset side, but on the manpower side and on the mobilization of these sides, so what are the efforts which are going on currently how many people we would have added?

Management: This has been a gradual the company for the last three years has planned has been continuously training and also inducting new staff at every level I think I did mention this in my last two concalls there is succession planning going on at every level. We recruit close to 70 to 80 engineers every year from reputed colleges. Now these are engineers who are not only civil engineers but also electromechanical engineers as the company has inbuilt EPC capabilities of not only civil but MEP and there is regular training of existing staff also going in and not only staff and also our workforce. So the company is gradually building strength.

Parikshit Kandpal: Because now we are doubling the order backlog from 3,000 was last year this end we will end up 6,000 crores and we are still guiding 15% to 20%. So next two, three years there could be like with the CAGR could multiply like 25% to 30% kind of CAGR so that could happen on a top line side?

Management: You are putting words in my mouth I really cannot comment I am not in a habit of looking so far ahead. We are a conservative company I do not think there will be a significant ramp up in our top line growth. So 15 to 20 may become 20 to 25 but it is too early to comment on that I think that. I do not think the company strategy going forward or companies working style or bidding style is going to change significantly. We will continue to remain a conservative company.

Parikshit Kandpal: Just because of order I do not think you will take the orders and change the growth orbit. Internally you would have strategized to take this company to next level of growth so that is why these orders would have come in also right?



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- Management:** And as I said we have been building capacities gradually you can see that it is not that we have increased our CAPEX drastically or tremendously. We are building up internal strength gradually, we are investing in digitizing the company. So all these things are going on at the back end and over the next few years the results will be there to be seen by all of you, but the growth will continue to remain conservative that is my one reply to your question.
- Parikshit Kandpal:** The growth guidance you mean.
- Management:** Yes growth guidance and actual growth also it is not that I do not foresee the company growing at 30% or 40% because that is not what we plan to do and we will continue to remain focused on the areas that we are operating in.
- Parikshit Kandpal:** Lastly on the different status of arbitration in different like Talkatora and other issues, so any updated on that any progress?
- Management:** So I think Talkatora we are close to that arbitration is closed to being finalized. I think it should take another three to four months maybe in the first quarter of next year it should close, and we should get an award. As far as the arbitration of the Games Village with Emaar MGF is concerned that is moving slowly because the presiding judge over the past four months is ailing. So that in the last quarter there has really been no movement or last four months there has been no movement at all.
- Parikshit Kandpal:** And delight marketing issues sorted out for all now?
- Management:** Yes that is sorted.
- Moderator:** The next question is from the line of Amber Singhania from Asian Market Securities. Please go ahead.
- Amber Singhania:** Just last question on the segmental results which we reported there is this third segment others which has reported around 6 crore of loss, so could you give us some color what exactly is that is it the trade financial investment?
- Management:** We have made provisions in impairment of our property value what we had from our builders that is in a particular one area in Mumbai.
- Amber Singhania:** So this is pertaining to those assets which we acquire against the debtors from couple of builders?
- Management:** Yes exactly.
- Amber Singhania:** And what is the current value of that property which we have taken here?



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- Management:** That is a 44 crores.
- Amber Singhania:** 44 crore after this impairment.
- Management:** Yes.
- Moderator:** The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Sir including our L1 orders and the 1100 odd crores orders that we have won in this quarter our order book I guess it is closure to about 5800 odd crores what would be the proportion of fixed price contracts and this order book?
- Management:** The fixed price contract in this order book would be 1200 to 1500 cores.
- Parvez Akhtar:** And with the commodity prices being volatile I mean what kind of safety measures that we have undertaken to ensure that if commodity prices improve, we do not get caught on the wrong end of the cycle?
- Management:** Better planning, better procurement you know planning or procuring the material in such a way that when the price curve is on the lower end and some of these projects are designed build projects so mitigating or while designing taking care at volatile material are used judiciously.
- Parvez Akhtar:** Sir what would have been the CAPEX that we would have done in the first half?
- Management:** 14 crore.
- Parvez Akhtar:** And for the year as a whole we will be at what number?
- Management:** 25 crore.
- Moderator:** The next question is from the line of Gurpreet Arora from Quest Investment. Please go ahead.
- Gurpreet Arora:** How many project would be there in the orderbook currently the number of projects?
- Management:** 42, 43.
- Gurpreet Arora:** And how many live sights would be running by the construction is going on?
- Management:** I think this should be 37.
- Gurpreet Arora:** And going by the current order book build up in one go how many live sites can be run at a peak or maybe let me put it this way how many live sites are you expecting to run in next fiscal?



- Management:** This number will change that much because the scale of project is increasing and so on the smaller size projects we would finish.
- Gurpreet Arora:** So any significant ramp up in employees are you looking for the next year or over next one or two years?
- Management:** Not significant I mentioned earlier that there is a gradual increase. We have taken about 60 to 70 fresh engineers every year other than that there would be about 80 to 100 employees should come up. So per year there can be an increase of about 140 people, 150 people. Totally we have about 2,500 people.
- Gurpreet Arora:** So 140, 150 is the net number right?
- Management:** Yes.
- Gurpreet Arora:** My last question is if you can highlight the competitive intensity in certain buckets maybe at less than 300 more than 300 more than 500 sort of things.
- Management:** So 100 to 200 extremely high, 200 to 400 high, 400 to 700 low and 700 to 1000 extremely low.
- Gurpreet Arora:** And if you can highlight that?
- Management:** So just to extremely low means there would be three to four bidders in the top bracket.
- Gurpreet Arora:** And key players across these segments if you can highlight?
- Management:** So there is Larsen & Toubro, there is Shapoorji Pallonji, there is Nagarjuna, there is us, there is Tata projects, there is JMC. In some segment now we also see Capacite. In the lower segments you have players like Rama, Swadashi, Sam, PHP, Giridharilal.
- Gurpreet Arora:** Sir our individual prequalification is 800 to 1000 crores, so any project size we benchmark that below which we not fit?
- Management:** Generally, below 200 crores, but let me qualify that by saying that in areas where we have a significant presence we can also depending if it is an existing clients of ours and plus we are getting good margins we can also bid for projects which are about 100 to 150 crores.
- Gurpreet Arora:** So I can say that below 200 would be orders very selectively where it is more like a bilateral negotiation with an old client or something and supposing you require at least 200 crores.
- Management:** Yes.



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- Moderator:** The next question is from the line of Surabhi Bomb from Ambit Capital. Please go ahead.
- Surabhi Bomb:** Sir my question is more on the book keeping front just wanted to understand sir there has been a slight increase in the noncurrent liabilities and the debt number so any explanation in that?
- Management:** Repeat your question please.
- Surabhi Bomb:** Sir there has been a increase in the non current liability sequentially from March?
- Management:** Mobilization advance we have taken for the three major projects that AIMS Kalyani and Nagpur and [41:18] that is why our major increase is due to mobilization advance and also due to basically lease rental equalization as to making provision that also increase to 9 to 13 crores.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir regarding the NBCC AIMS projects in Himachal Pradesh you said it is more than 1000 crores so are we bidding alone or in joint venture?
- Management:** We have been bidding alone.
- Shravan Shah:** In terms of the NBCC or government level what is our technical qualification eligibility?
- Management:** We are qualifying Shravan that is why we are bidding.
- Shravan Shah:** Are we qualified to bid for 1100, 1200, 1300 crore on standalone?
- Management:** Yes 1000, 1100 crores we are qualified to bid but again sometimes the qualification criteria changes from department to department they put in some additional qualifying criteria depending on the nature of the job. So I cannot issue a general statement that we would qualify for all project in excess of 1000 crore, but this one definitely yes we are qualifying and hence we are bidding.
- Shravan Shah:** Second thing sir in terms of the 1100 crore orders that we won in the third quarter apart from that 2000 crore that we won in the first half have started executing the entire 2000 crore or still there are projects which we have not started?
- Management:** There is one I did mention earlier this redevelopment where the project was started it is 250 crore designing it is an EPC contract the designing was done, but the project did not take off because of reasons reported earlier pre selling and other such reason. So other than this auditorium projects was also started with NBCC in Calcutta that took off we have done out of a total value of 300 crore we have done a billing of about 25 crore which got stalled in between, but it is expected to start in this quarter.



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- Shravan Shah:** Second thing in 2000 crore all projects are starting?
- Management:** And all the other projects are started.
- Shravan Shah:** And the remaining 1100 crore also in next two months would start and so in the fourth quarter it would be contributing in terms of the revenue?
- Management:** Yes but one or two of these projects may not contribute significantly because these are design build projects like Charbagh for instance. It is a large project, but in this quarter it will not contribute to the topline but it may contribute somewhat to the last quarter.
- Shravan Shah:** So total 3100 crore how much mobilization advances have been received and how much is still pending which by fourth quarter likely to come?
- Management:** In all these projects we are actually not taking the full quota of mobilization which we are entitled to and using our internal cash accruals to fund because this mobilization advance as all of know is interest bearing. So we are actually picking and choosing like Satbeer mentioned earlier that in Kalyani and Nagpur and Milan Mela we have taken mobilization advance because here the mobilization required because the scale of the project the mobilization required was extensive. These are short duration projects. So we have taken, but otherwise in the other projects we have not even taken advance and one thing which Satbeer is clarifying is that though we were entitled to a 10% advance on all these projects we have actually taken only 4%.
- Shravan Shah:** So even the same kind of a trend likely to continue though we maybe eligible for 10 odd percent mobilization advances we may take 4%, 5% depending on the project and interest on that mobilization.
- Management:** So a Charbagh now it has been a month and half Charbagh was awarded to us. We have started work on designing, we have submitted our performance guarantees and everything, but we have not taken. We are eligible for a 10% advance there we have not taken any.
- Shravan Shah:** I would thank the management for giving us the opportunity to host the call and thank you all the participant and sir do you have any closing comments.
- Management:** Thank you so much thank you everybody for joining in and look forward to you again after three months. Thank you.
- Moderator:** Thank you very much members of the management. Ladies and gentlemen on behalf of Dolat Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.