



“Ahluwalia Contracts (India) Limited  
Q4 FY2019 Earning Conference Call”

May 30, 2019



**ANALYST:** MR. AMBER SINGHANIA – ASIAN MARKETS SECURITIES

**MANAGEMENT:** MR. SHOBHIT UPPAL – DEPUTY MANAGING DIRECTOR -  
AHLUWALIA CONTRACTS (INDIA) LIMITED  
MR. VIKAS AHLUWALIA - WHOLE TIME DIRECTOR -  
AHLUWALIA CONTRACTS (INDIA) LIMITED  
MR. SATBEER SINGH – CHIEF FINANCIAL OFFICER –  
AHLUWALIA CONTRACTS (INDIA) LIMITED  
MR. ROHIT PATNI - SENIOR MANAGER INVESTOR  
RELATIONS



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**Moderator:** Good day ladies and gentlemen, and a very warm welcome to the Ahluwalia Contracts India Limited Q4 FY2019 Earning Conference Call, hosted by Asian Market Securities 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 Amber!

**Amber Singhania:** Thank you Ali. Good evening everyone. On behalf of Asian Market Securities, I welcome you all to the Q4 FY2019 Earning Conference Call for Ahluwalia Contracts Limited. We have with us today Mr. Shobhit Uppal, Deputy Managing Director, Mr. Vikas Ahluwalia, Whole Time Director, along with his Investor Relations and Financial Team 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 evening everybody. Thank you for joining in. So, we have just concluded our board meeting and during the Q4 of FY2019, the company has achieved a turnover of 487.41 Crores and a PAT of 30.99 Crores in comparison to a turnover of 446.77 Crores and a PAT of 31 Crores in Q4 FY2018. The company has achieved growth of year-on-year basis of 9% in revenue. EPS of the company for Q4 FY2019 is 4.63 as compared to similar number in Q4 of FY2018. During Q4 FY2019, the company’s EBITDA margin is 11.63% as compared to 11.95% and the PAT margin of 6.36% as compared to 6.94% in the corresponding period of the last year.

During FY2019, the company has achieved a turnover of 1752.18 Crores and a PAT of 117.27 Crores in comparison to a turnover of 1646 Crores and a PAT of 115.45 Crores in FY2018. The company has achieved growth here on here basis of 6% in revenue and 2% in PAT. EPS of the company for FY2019 is 17.51 as compared to 17.23 in FY2018. During FY2019, the company’s EBITDA margin is 12.35% as compared to 13.32% and a PAT margin of 6.69% as compared to 7.01% in the corresponding period of the last year. The order book of the company increased by 3691 Crores in this financial year. Net order book of the company as on March 31, 2019 was 6038 Crores, which is to be executed in the next two to two-and-a-half years.

We are open for questions now.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Kunal Bhandari from HDFC Securities. Please go ahead.



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**Kunal Bhandari:** Thank you for the question. Sir, wanted to understand after the delay in projects that we were seeing in Q3, we had revised down our guidance to almost 10% or to that level, but we have just crossed 6%, are there any stop projects that are still continuing and what is your view because you said in FY2020 we will make up for the miss that is what is going to happen in FY2019, so would you be revising the guidance because you are sitting on an order book of almost 6000 Crores when we see and to be executed over two to two and a half years?

**Shobhit Uppal:** It is a very pertinent question. So to answer the first part of your question, do we have any other slow moving or stalled orders, there is project for redevelopment of Charbagh in Lucknow that has been a non-start that is a 540 Crores job that on the ground while designing is going on, but on the ground the project has not started for want of various clearances that NBCC has to take from the Railway Board and Railway Line Development Agency, so that has contributed to a bit of a hit on our topline and otherwise the other projects, which was stalled there was one redevelopment project, which has started, but that has started after the financial year got over, so as we stated last time, we will stick to a guidance of 15% in FY2020.

**Kunal Bhandari:** Sure Sir, and if you could clarify, on the margin front because even this quarter you are seeing this mute in margins when I cover the other income, your pure core EBITDA margins it is like 11% to 11.5%, so how would your guidance be moving forward?

**Shobhit Uppal:** When the balance sheet is released in totality if you got deep into it you would see that the performance as far as construction purely construction activity is concerned is inline with the guidance that I had given in the last conference call, the margin has shrunk by about a percentage point primarily on an account of two factors, one is Kota, where the license re-equalization has been done and that has led to taking a hit of about 8 Crores, which is about 0.5% point reduction on that account and the other is on an account of the impairment that we plugged in on an account of the property sales, which we have done out of the inventory that we have picked up from some of our clients in lieu of the dues that were there, so this property that we sold was about 20 Crores, there has been an impairment, the property has been sold a bit of a loss, otherwise as I said our performance on construction projects or construction activity even inline with the guidance.

**Kunal Bhandari:** So, these adjustments would be reflected in other operating expenses?

**Satbeer Singh:** Yes, this is reflecting on other expenses.

**Kunal Bhandari:** Sure. Thank you. I will come back in queue if I have any further questions.



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- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you. Sir, first thing is just to get clarification, last time I think correct me if I am wrong, we have guided for more than 20% growth and now are seeing a 15% growth in FY2020?
- Shobhit Uppal:** I am factoring in one project, as I said Shravan, which we actually have no clarity on as far as in that, because it is a very large project, this is the Lucknow Charbagh Redevelopment. As things stand we have no clarity whether that project will move or not, so that is why I have given a guidance, which slightly, there is a slight correction in that.
- Shravan Shah:** Because of even if we remove this 540 Crores of project also then also on the order book is still very good, no doubt we have received and may be the designing would be completing may be in two or three months, just trying to understand that already in FY2019 we have done what we have guided 1800 Crores plus and we are 50 Crores to 70 Crores below that can we take the 15% would be on very, very conservative side or it is a practical number?
- Shobhit Uppal:** I would say it is conservative, not very, very conservative, but conservative.
- Shravan Shah:** Sir, in terms of EBITDA margin, now how much you are saying because last time you said 13.5% for FY2019?
- Shobhit Uppal:** Yes, we will keep 13.5%.
- Shravan Shah:** And for inflow how much now we are targeting for FY2020?
- Shobhit Uppal:** 2000 Crores.
- Shravan Shah:** What would be the capex?
- Shobhit Uppal:** Capex will be about 40 Crores.
- Shravan Shah:** Sir, in terms of bid pipelines, what are the projects that now you are looking at and last time we have discussed whatever the NGT issues even including Bihar everything you said it has started, just trying to understand whether all the projects have started or out of this 6038 Crores minus 540 Crores, how many still has not started contributing revenue or when it will start contributing revenue?
- Shobhit Uppal:** All the other projects has started, Gujarat projects have started, the redevelopment projects in Delhi has also started in fact again the project has started in Delhi and it call for re-designing of



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the project that is why revenue from that project would not be there in this financial year. That was another reason for the reduced topline, but it started now there is no hold on that project and there was one other project of auditorium in Kolkata through NBCC, which has been a bit of a stop start project, last time I said that it has restarted, it had restarted, but it has stopped again, so other than these two projects, all the other projects are going on.

- Shravan Shah:** And what is the value for that Kolkata, 550?
- Shobhit Uppal:** No, 540 is the Lucknow Charbagh project and one in Kolkata is 290 Crores.
- Shravan Shah:** Lastly, in terms of order book breakup segment wise and government private and what is the fixed?
- Shobhit Uppal:** Rohit!
- Rohit Patni:** Government is 88% and private is 21% and geographically wise Northeast 37%, East 48% and west is 15%. Segment wise commercial 8%, hospital 45%, infra is 17%, institution 24% and residential government and private is 6% and fixed contract is 900 Crores all NBCC.
- Shravan Shah:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.
- Nitin Arora:** Sir, was there a delay in bill certification by any of the agencies that also let to your revenue slow down here, there are contractors being in last two months including loss, there has been some issue with this certifying agencies?
- Shobhit Uppal:** Yes, there has been and that has impacted the revenue to the tune of about very proximate about 30 Crores.
- Nitin Arora:** But, that this now got certified?
- Shobhit Uppal:** Not all 30, out of this about 10 Crores has got certified, rest is still not certified.
- Nitin Arora:** Sir, I understand what you stated about the two projects going in a start stop zone, do you see a chance of any projects going out of the kitty instance that would get up or just more of a clearance issue that you see?



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- Shobhit Uppal:** No, as I mentioned in the answer to the first question, we are not clear at about the Lucknow project, so that has not started. The auditorium project will not book, it will start shortly, it is just a question redesign, but the Charbagh station we are not clear what will happen to that project.
- Nitin Arora:** Sir, if I can delve a little bit on the station project, is there something to do with NBCC issue or they want to change the model of fitting or something like that?
- Shobhit Uppal:** It is an NBCC project, but nothing to do with NBCC internal issue, NBCC are frustrated as we are because it is a question of bureaucratic hassles because our client is NBCC, NBCC's client is RLDA, RLDA's client are the two railway authorities under which that Northeastern railway and Northern railway who control various parts of that station.
- Nitin Arora:** Last few questions, one is we are very aggressive in terms of in our cash flow situations, so what was the first two sell the flat as the loss and take the impairment any particular reason for that?
- Shobhit Uppal:** Yes, the reason was this as you know in Mumbai this is we want to, we are not in the business of real estate, development, or property aggregation plus there was a issue of the stamp duty, which is the one person sold the flat within a year that would also have been applicable and we did not see that as it is there is an oversupply or glut in that part of the country, and more so to test the waters we sold this, a part of the inventory.
- Nitin Arora:** Got it and if you can also let us know what is the nature of this licensing cost you said about Kota and what is the revenue EBITDA in profit numbers of Kota?
- Shobhit Uppal:** Satbeer will answer this. Satbeer, go ahead.
- Satbeer Singh:** This year we have got a revenue of 448 Crores this year and incurred losses of around 8.25 Crores and cash property is around 72 lakhs, next year we are targeting around gross would be 3.5 Crores and cash profit would be around 4 Crores.
- Nitin Arora:** Sir, what is the nature of this licensing cost, which came this quarter?
- Shobhit Uppal:** That we are paying to RSRT.
- Nitin Arora:** That has started in this year?
- Shobhit Uppal:** Yes. It has started last year. It is amounting because initially that is Rs.10 per square feet and after three years it will increase to five times and thereafter 10% increase every year and we will irrigate a total cost in 30 years that would be around 188 Crores we have divided by 30 and that is



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from South to 7 Crores, which we have taken that for the accounting purpose, but actually we are paying licensing fees of 30 lakhs.

- Satbeer Singh:** We had paid 30 lakhs, but make a provision of 6 Crores.
- Nitin Arora:** This provision has been made discounting is five years ahead or this will be a referring cost, which will go every year from here?
- Satbeer Singh:** After three years, every year it will increase to 10%, this cost is not going, it has only been taken in the balance sheet.
- Shobhit Uppal:** It is a equalization fees, basically we have divided or cost in 30 years with 30 that come out 6.27 Crores, that we are recognizing.
- Nitin Arora:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Subramanyam Yadav from TCG Asset Management. Please go ahead.
- Subramanyam Yadav:** Sir, just wanted to understand how much is the value of flats in the inventory as of date?
- Shobhit Uppal:** I think totally the flat we have on our balance sheet?
- Subramanyam Yadav:** Yes.
- Shobhit Uppal:** It is around 50 Crores.
- Subramanyam Yadav:** Sir, how much more equity would we need to put in Kota?
- Shobhit Uppal:** No further equities.
- Subramanyam Yadav:** Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Ashwini Agarwal from Ashmore India. Please go ahead.
- Ashwini Agarwal:** This is Ashwini Agarwal here. Just wanted to again delve on the 15% growth versus 6000 Crores of order book and another 2000 Crores of inflows that you expect, it somehow seems very, very conservative, I mean last year one might have expected some slowdown on an account of erections and on an account of all the confusion relating to what is going on in Delhi, but apart



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from this Charbagh project and the Kolkata auditorium are there any other slow moving projects in your order book?

**Shobhit Uppal:** No, Ashwini, as I said earlier, these are the two, one is a nonstarter as things stand today and the other is the slow moving and the other is fine, so yes, it is conservative as I said, but we will achieve a turnover over 2000 Crores and have an order book of about 8000 Crores, which will be about 4X, so that is the logic.

**Ashwini Agarwal:** No, I hear you, but the problem is that you are growing your order book by 33% or something along those lines; your revenues are growing by 15%, so?

**Shobhit Uppal:** That is a normal situation for us right, as far as all of you concerned the year before we grew the order book at about 10% to 15% and this year that time you said why it was so low and this year we grew at double that speed, so it is just this the order book wise we are comfortable, but hopefully this year with the new government coming in the progress, the speed with the projects are executed especially in the geographies that we are present in be it in Bihar, be it in Delhi the speed would be faster, but yes, and I say the number is conservative.

**Ashwini Agarwal:** What drives us the margins were almost 100 basis points, just pure operating leverage and this one off cost of 0.5% on an account of the impairment of flats going out or is there anything else that you are thinking about?

**Shobhit Uppal:** Also Kota in another 0.5% point on an account of Kota, Satbeer just gave you the figure, the next the inflows on that project would also almost double, we are close to leasing out the rest of the states, which about 30% to 35%, which is still left.

**Ashwini Agarwal:** So that drive goes away and the 0.5% on an account of the flat provision goes away, so that gives you that 100?

**Shobhit Uppal:** Also you know the other projects other than this railway station as I explained couple of these redevelopment projects they have now started, the auditorium should also get underway in the next month or so, so that drag will also go away.

**Ashwini Agarwal:** In your discussions with customers on future orders, are you seeing any signs of pick up in the private sector activity at all?

**Shobhit Uppal:** Not on the residential side, but in the metros as far as the commercial space is concerned, yes there is a pickup. We are continuously getting increase in our existing orders from the clients with whom we are working.



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- Ashwini Agarwal:** Right, because the mix is still very skewed towards government and I know you have been wanting to change that would obviously the private sector activities have been very, very muted, I am just wondering?
- Shobhit Uppal:** I do not see it will, I will change in the near future. It will continue to remain skewed.
- Ashwini Agarwal:** All the best.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Good evening Sir. A couple of questions, first in terms of bid pipeline, what is the kind of projects that we are bidding for and now that the elections are over, what is the kind of competitive intensity that we feel will be there going ahead?
- Shobhit Uppal:** It is very early to say, let me answer your second part of your question is little early to say, the elections are over, we have a stable government, there is going to be continuity so that is good for the environment, competitive intensity will not change pre-elections or post-elections in the short-term, but yes, the scale of the projects in the longer term will increase, which will reduce the competitive intensity. Going forward, once we see lot of activity happening as far as metros are concerned, I think the social infrastructure will continue, getting built so that is an area in which we are already there, be it education, be it healthcare, on the private side, the commercial space there is a bit of an uptick, so this is what there is what I see. I see a lot of activity continuing in areas or states like Bihar there will be once the political governments are in place and they are stable, one would see money is flowing out from the center to states like Odisha and other states, so there will be more activity in such states also.
- Parvez Akhtar:** Sure Sir and a couple of bookkeeping questions, what was the capex that we incurred in FY2019?
- Shobhit Uppal:** 26 Crores.
- Parvez Akhtar:** And what was the gross debt at the end of the fiscal?
- Shobhit Uppal:** 60 Crores.
- Parvez Akhtar:** Last question, what was the quantum of impairment that we took when we sold the flats this quarter?
- Shobhit Uppal:** It is around 2.5 Crores.
- Parvez Akhtar:** Sure Sir. That is it from my side. Thanks a lot and all the best for future.



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- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Thanks for taking my question. Sir, just to understand this Alipore project little better, I think we were suppose to get design approval from IIT, Kharagpur and we could not manage and which is are we could get going at the ground, so suddenly what has changed and why we have stopped the work at the site because design has already approved now, so what made you stop again at the projects?
- Shobhit Uppal:** We did not stop. We were asked to stop. So, initially this was a project, which was for 2000-seater auditorium, the state government post award only to create the seating capacity that is why the design, it was redesigned and the redesign was sent to IIT and we obtained the approval or the designer obtained the approval, based on that approval there was a cost to this enhanced the capacity of rehabilitation of the structure, which are the foundation, which had been built, now the stated government has come back saying that they will not be able to do this cost so we are to go back to the original design hence.
- Prem Khurana:** So, the capacity has gone to the original number that used to be there right?
- Shobhit Uppal:** Yes.
- Prem Khurana:** But now given the fact that these are very clear what they want, which has essentially, would be able to start working at the ground very soon?
- Shobhit Uppal:** Very decent development, that is why said it will take about a month for various issues to get settled, obviously in the last year also the projects being installed we have also been hit by expensive, we have suffered loses by the way of overhead, etc., so we will negotiate that with the client through the project management, which is NBCC and that is why I saying to sort off all these issues will take about a month or so and then the project should get underway.
- Prem Khurana:** Any update on the two hospital projects, HSCC Hospital projects how are the things going there and has there be change out HSCC has been taken over by NBCC in terms of the way they operate, Nagpur and Kalyani?
- Shobhit Uppal:** The projects are moving along fine. They have just picked speed. That is the other reason there was a bit of slow down there because the ministry, actually these are design based projects, there are the projects were the designers were appointed by HSCC at the behest of Ministry of Health, those designers were removed about three months ago, so the designing of these projects is also



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being jointly undertaken by us along with HSCC and the designing has been completed substantially and the projects are now actually have taken up.

**Prem Khurana:** Would they compensate as per the designing part now because yours are not supposed to be a design and built, so you have been quite enough?

**Shobhit Uppal:** It is too early to say that. That is why I said it is being done jointly between HSCC and us. For us what is more important is that we makeup for the lost time and the projects get completed on time, if we would have continued to wait for the designs to come we would probably have because these are the large projects with large overheads on side as we are seeing some of the other stalled projects they hit our top and bottomline, so that is why we agree to jointly to do the designing with HSCC and as I said now we are moving along fine.

**Prem Khurana:** Just two more, one was if I would look a segment assets there appears to be some increase in others and if I remember correctly this is nothing, but the real estate inventory that have take over or acquired from some of our clients and if I were to look on the sequential basis, the number seems to have gone up from Rs.46 Crores odd to Rs.51 Crores odd, are we take some more inventory during the question, because this quarter we have sold some as well, which ideally means my segment assets ideally should have gone nor increased?

**Shobhit Uppal:** Yes, we have taken inventory from JP and also from a client in Kolkata.

**Prem Khurana:** Any incremental pending payments from these guys wherein there could be a situation you require to take some more inventory on your books or every thing is settled now?

**Shobhit Uppal:** It has all squared out, JP there is about 5 Crores still pending.

**Prem Khurana:** How about Kolkata client?

**Shobhit Uppal:** Kolkata client is squared off.

**Prem Khurana:** Just one last I think on Kota asset you are targeting almost Rs.80 lakhs number in terms of monthly rental from Q1 FY2020, so we on track there?

**Shobhit Uppal:** Yes, I have mentioned that earlier we are on track for that.

**Prem Khurana:** Sure, and also we were supposed to have an hotel asset there almost 60 rooms, so have been able to finalize some one, I mean we were looking for a partner before taking that for construction?

**Shobhit Uppal:** We are close to leasing out that too.



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- Prem Khurana:** You will lease it out. You would not keep it on your balance sheet. You will give it to someone else for operations?
- Shobhit Uppal:** Yes.
- Prem Khurana:** Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Chandrashekar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Good evening, Sir. Parvez here again, just wanted to what is the average cost of debt for us currently?
- Satbeer Singh:** 9% to 9.5%.
- Parvez Akhtar:** Thanks.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you. Sir, how much value of inventory we have taken from JP during the quarter?
- Shobhit Uppal:** We have taken 6 Crores.
- Shravan Shah:** And from Kolkata client?
- Shobhit Uppal:** Kolkata client 5 Crores.
- Shravan Shah:** Just one second once again clarification on the licensing cost, you are saying from next year this accounting entry of 6 Crores to 7 Crores will not be there or it will be there?
- Shobhit Uppal:** It will be there, but our inflows would increase.
- Shravan Shah:** But, in terms of the cash outflow it would be in the range of 30 lakhs?
- Shobhit Uppal:** From July 2019 we are expecting that would increase to 30 lakhs to 150 lakhs far enough that again it would be around 1.40 Crores.
- Shravan Shah:** But the accounting enter would be 6 Crores to 7 Crores that will be part of the other expenses?



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- Shobhit Uppal:** Yes.
- Shravan Shah:** Sir, in terms of the bid pipeline, the number right now would be how much?
- Shobhit Uppal:** It is about 5000 Crores.
- Shravan Shah:** Is it possible to share from which geography or from which segment this opportunity is there?
- Shobhit Uppal:** Three main geographical segments, west, east and north.
- Shravan Shah:** And in terms of the segment hospital, institutional?
- Shobhit Uppal:** Hospital, education and metro.
- Shravan Shah:** Are we L1 in any of the project?
- Shobhit Uppal:** Yes, about 200 Crores.
- Shravan Shah:** And any projects we have bid and still not open?
- Shobhit Uppal:** Yes, about 700 Crores. That 5000 Crores includes those 700 Crores.
- Shravan Shah:** This 700 Crores is a single project or two three project?
- Shobhit Uppal:** Four projects.
- Shravan Shah:** That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Subramanyam Yadav from TCG Asset Management. Please go ahead.
- Subramanyam Yadav:** Sir, just wanted to again delve on the inventory part. The 50 Crores inventory what we have in the book right now, so what is the strategy to deal with this inventory because what we understand is that the inventories like from clients like HDL and all, where the project is stuck, so going forward can we see further write off from such inventory?
- Shobhit Uppal:** We have already provisioned for that, that is why as I said the impairment has happened this year, but going forward we do not see the stressed sales happening, but HDL and all we have with such clients we would like to dispose off the property as quickly as possible, but major chunk of this 50 Crores as and when the prices stabilized then we would like to.



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- Subramanyam Yadav:** But, where the project is not completed the HDL one, how much?
- Shobhit Uppal:** This inventory is complete inventory.
- Subramanyam Yadav:** Fine, thank you.
- 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 things, the debtor number has slightly gone up to 6500 Crores is 5600 odd Crores compared to last year, is there anyway we are seeing some pain in terms of collections or some delay happening from any of the pockets in the client and what is the outlook in this segment?
- Shobhit Uppal:** Yes, generally there has been sluggishness in the last quarter, and that was on an account of impending elections, we feel that this sluggishness will continue for another month or so till things stabilize then it should be all right.
- Amber Singhania:** So, there is no slow moving kind of debtor days where we see that it might linger around for long-term on that or just a temporary phenomenon?
- Shobhit Uppal:** Yes.
- Amber Singhania:** Sir, secondly I just missed out on that two numbers, the Kota we are mentioning there will be a loss of 3 Crores to 4 Crores accounting loss this year and from FY2021 onwards it will be breakeven right?
- Shobhit Uppal:** It would be I think 3 Crores loss last year and profit would be around 4.5 Crores.
- Amber Singhania:** Sorry.
- Shobhit Uppal:** Net 3 Crores would be loss and cash profit would be 4.5 Crores.
- Amber Singhania:** Sir, going forward also do we will be continued to incur this loss because I think lease rental will peak out at this stage to 2 Crores number?
- Shobhit Uppal:** That is why we are not expecting any kind of accounting loss.
- Amber Singhania:** Secondly total inventory we have is around 50 Crores from these unsold flats and all, am I correct on that part?



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- Shobhit Uppal:** 50 Crores.
- Amber Singhania:** 50 Crores right?
- Shobhit Uppal:** Yes.
- Amber Singhania:** Secondly, just wanted you view in terms of more to understand the long-term picture of the landscape now when we have a stable government that in place, which has the focused in for infrastructure, how do we see that the capex towards the infrastructure buildup be it hospitals, and educational institutes and the area where we have our focus, how do we see that landscape, if you can give some quantification in terms of number of projects or some colour on that part both in terms of short-term as is FY2020 bidding pipeline as well as long-term may be two to three years pipeline on that part, it will be great to understand that landscape?
- Shobhit Uppal:** Amber, it will be very difficult for me to put a numbers, but be it short-term and long-term, but as I said earlier with the government there being continuity and the government coming into power with such a decisive mandate, we feel that infrastructure growth is only going to increase and from whatever we hear when we talk to the people who are likely to in power there is going to be more activity as far as social infrastructure is concerned, as far as affordable housing is concerned and there is going to be growth in areas where not only are we present geographically, it is going to spread to other areas also, so I see lots of opportunity in the long-term.
- Amber Singhania:** Are we seeing the competitive intensity increasing, I am sorry to ask that question again because we are seeing a lot of companies are now talking about their focus areas towards the hospitals, educational institutes and institutional buildings of 200 Crores plus kind of sizes, are we seeing that competition increasing significantly in our segment?
- Shobhit Uppal:** But, I have always maintained, it increased one year ago, so what it was one year ago or six months ago it continues to be the same.
- Amber Singhania:** So, margins we are confident of coming back to 13.5% kind of range on that part?
- Shobhit Uppal:** Yes.
- Amber Singhania:** Currently, the order book, which we have the execution cycle is around 30 months or is it slightly?
- Shobhit Uppal:** 30 months.



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- Amber Singhania:** Just one short-term question on that part, on the wake of this elections and marriage season, are we seeing any slow down in terms of availability of labor in Q4 so far?
- Shobhit Uppal:** Yes, there has been because number of factors are actually hit the availability of labor the first and foremost the elections. There were spread over such a lot six to seven weeks, so that has impacted the supply of labor, it has not moved they come from Bengal and Bihar, the second thing is immediately after the elections you have the festival of Eid that is also impacted, yes, we have been hit by this shortage of labor.
- Amber Singhania:** So, Q1 might see that impact on the number on that part?
- Shobhit Uppal:** Yes.
- Amber Singhania:** Fine Sir, that is all from my side.
- Moderator:** Thank you. The next question is from the line of Hiral Shah from Emkay Global. Please go ahead.
- Hiral Shah:** Good evening Sir. Just one question, when we are talking about this 15% growth, we have factored any slow moving orders what we have spoke about, so everything has been factored in and we are confident of the 15% growth is that understanding correct?
- Shobhit Uppal:** Yes, your understanding is corrected.
- Hiral Shah:** Thank you so much and all the best for future, Sir.
- Moderator:** Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** Thanks for the opportunity. Sir, just wanted to check with you, how the order inflow will be for us for FY2020 and FY2021, what kind of order inflow are we expecting?
- Shobhit Uppal:** I have mentioned earlier about 2000 Crores.
- Ankit Gupta:** Do you think that this will substantially in FY2021 and FY2022?
- Shobhit Uppal:** Yes.
- Ankit Gupta:** Thank you.



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**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 Ali. Thank you everyone for joining the call. On behalf of Asian Market Securities, I would like to thank all the participants and a special thanks to the management for giving us the opportunity to host this call and taking out time to share insights about the company and the industry with us. Sir, would you like to add any closing remarks?

**Shobhit Uppal:** Amber, just one closing remark, the company also declared a dividend continuing the policy of dividend sharing with our shareholder 15% dividend has been declared and announced in the board meeting today. Thank you.

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