



“Ahluwalia Contracts India Limited Q3 FY-20 Earnings Conference Call”

February 14, 2020



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MODERATORS: **MR. VIBHOR SINGHAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**



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Moderator: Ladies and gentlemen good day and welcome to Ahluwalia Contracts India Limited Q3 FY20 Earnings Conference Call hosted by PhillipCapital (India) 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Vibhor Singhal from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Vibhor Singhal: Thanks Aman. Hello, everyone. Welcome to the Third Quarter Results Conference Call for Ahluwalia Contracts India Limited. Today we have with us the management of the company represented by Mr. Shobhit Uppal – Deputy Managing Director of the company, Mr. Vikas Ahluwalia – Whole Time Director and Mr. Rohit Patni – Senior Manager, Investor Relations. We will just have some opening remarks from the management, often which we can start the Q&A. Over to you, sir.

Shobhit Uppal: Good evening. I am Shobhit Uppal. So we have just finished our board meeting while back and released the results for the Q3 FY20. During Q3 FY20 the company has achieved a turnover of 438.32 crores and a PAT of 20.48 crores in comparison to a turnover of 418.54 crores and a PAT of 26.94 crores in Q3 of FY19. The company achieved growth year on year basis of 5% in revenue during the third quarter of FY20. EPS of the company for Q3 FY20 is 3.06 as compared to 4.02 in Q3 of FY19. During Q3 FY20 the company's EBITDA margin is 9.73% as compared to 11.85% and the PAT margin of 4.65% as compared to 6.38% in the corresponding period of the last financial year. During the nine months of this financial year the company has achieved a turnover of 1172.41 crores and a PAT of 50.92 crores in comparison to a turnover of 1264.77 crores and a PAT of 86.28 crores in the nine months of the preceding financial year. EPS of the company for the nine months of this financial year is Rs. 7.60 as compared to Rs. 12.8 in the nine months of the preceding financial year. During the nine months FY20 the company's EBITDA margin is 10.25% as compared to 12.62% and a PAT margin of 4.34% as compared to 6.82% in the corresponding period. New orders won by the company in FY19-20 stand at 3238 crores. The order book of the company as on date is at 8100 crores and we are L1 in 700 crores. We are ready for questions now.

Moderator: Thank you very much. Ladies and gentleman, we will now begin the question and answer session. First question is from the line of Ashish Shah from Centrum Broking.

Ashish Shah: The first question is on the margin for the quarter, it seems again is coming at about 9% -9.7%. We were expecting the margin to at least go back to maybe about 12% odd levels, so what has really gone wrong?



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- Shobhit Uppal:** No, actually nothing has gone wrong. There have been some of our erstwhile clients like HDIL, there has been a write-off in the balance sheet of about 12.5 crores and a provisioning made of further 2.5 crores for clients. This is primarily for HDIL. There were certain used so which we have now written-off in the balance sheet. If you account for these then our EBITDA margin is in excess of 13% but this now we have taken that call because we don't see any line of sight on the money is coming in as far as HDIL is concerned. The other factor is we have lost about 60 crores—conservatively speaking—of turnover on account of the pollution, ban on construction on account of pollution in the NCR region, so that has also impacted our margins.
- Ashish Shah:** Just to clarify you said 12.5 crores was earlier provided, 2.5 crores incrementally you have provided this?
- Shobhit Uppal:** No, totally 12.5 crores we have written-off in this quarter and 2.5 crores provisioning has been made additionally. So totally in this quarter its 15 crores.
- Ashish Shah:** Also if you can indicate the status of some of the slow-moving projects which were earlier slow moving I would say the Bihar project as well as the NCR, Gardanibagh project and the Kolkata Auditorium project.
- Shobhit Uppal:** So let me start backward, Kolkata Auditorium project is moving now and it's moving at full speed. We will complete that project by the end of the year. As far as the slow-moving project is concerned, one is this Charbagh which is a nonstarter which I had mentioned last time, we have written to the client to foreclose it. So we are awaiting that foreclosure and Gardanibagh is in Patna. The PIL which was why against this project has been thrown out by the board and we are expecting environmental clearances in the next 10 to 15 days. And as I had mentioned last time we expect actual construction on the ground will begin in the first quarter of next year.
- Ashish Shah:** The Mohammadpur project?
- Shobhit Uppal:** Yeah Mohammadpur project, the environmental clearance has been obtained. The tree the plantation permissions are in place. The project has started. It is underway but there are issues about the funding of the project because as you would be aware of all these redevelopment projects, majority of the proceeds or funding were to come from the proceeds of sale of Naroji Nagar. That was how the redevelopment projects were structured, so Naroji Nagar project which NBCC through NCC is doing continues to be a nonstarter. So our project is actually a CPWD project, CPWD while is infusing some funds it has written to the Ministry as to how the funding for majority of the funding which was to come from Naroji Nagar, how it will come now? They are trying to figure that out.



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- Ashish Shah:** So that might just go slow.
- Shobhit Uppal:** The environmental clearances are in place now. The project is underway. It is going on.
- Ashish Shah:** We could expect any revenue from the project in this quarter?
- Shobhit Uppal:** Yeah, we will. In the next quarter from Mohammadpur we should get a revenue of about 8 to 10 crores.
- Ashish Shah:** And Kolkata you said is moving at full speed, so Q4 we will see some sizable revenue coming out of that?
- Shobhit Uppal:** Yes, in fact Kolkata as such because now auditorium is moving. We are expecting growth from that region to the tune of about 20%.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Last time you said 94 crores of bills were not certified because of the pollution ban despite that this quarter also the top-line is kind of muted and we were guiding flat to 5% growth, so to achieve a 5% growth we need 36%-37% growth in the fourth quarter. So just wanted to know in terms of the revision in the guidance for FY20 and next year also FY21 we were targeting close to 20% growth, so what is the revised estimate?
- Shobhit Uppal:** If memory serves me right, I had said the Q3 we would attain a turnover of about 400 crores and Q4 I had given a guidance of 600 crores. I'm sticking to that and I said we will have a 5% topline growth, so we will touch 1800 crores overall. So we will be there about as far as growth is concerned it will either be flat or it would be about 4% to 5%. We should achieve that.
- Shravan Shah:** And for next year.
- Shobhit Uppal:** As far as next year is concerned 15% to 20% is what I had said and I stick by that because we have the orders in hand and you would know we have won the largest AIIMS in the country which has been tender out till now which is and 1253 crores. This is a design by EPC Project and it is a project which is to be completed in 30 months, so this will also contribute substantially to the turnover in the next financial year. We are also L1 in the first of the Central Vista project which is also a fast track project which is a 540 crores project to be executed in 8-9 months. So these projects and our order book is robust as I said, it stands at 8100 crores today. I see no reason why we should not achieve a 15% to 20% topline growth.



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- Shravan Shah:** Secondly in terms of the margins now how do we see for the full year margin and even next year also we said around 13.5%, so will the guidance remains intact?
- Shobhit Uppal:** For the next year, yes, 13% should be achievable and this year I think it should be between 10.5% to 11%.
- Shravan Shah:** Apart from as you said this out of L1, 540 is from the Central Vista, so there was a talk that there will be a sizable tendering would be happening from the Central Vista, so any idea what is the status on that?
- Shobhit Uppal:** My information is that the plan, so the majority of the subsequent tenders they are trying to frame guidelines through qualifications as well as trying to figure out how many packages they would divide the 10,000 to 12,000 crores worth of work which is likely to come up over the next 2 to 3 years. So that is happening. I think the first package should come out in the next 5 to 6 months, so the next package should come out in the next 5 to 6 months.
- Shravan Shah:** I need a couple of balance sheet numbers and order book break-up, inventory, debtors, payables.
- Shobhit Uppal:** Rohit or Supriyo will answer that question. Rohit go ahead.
- Rohit Patni:** Order book in 31st December, 6896 crores, so their breakup in government and private wise, government is 78%, private is 22%. Geographically wise; North is 42%, East is 42% and West is 16%. Segment wise; commercial is 11%, hospital is 37%, infra is 15%, institutional is 22% and residential government is 14%.
- Shravan Shah:** And in terms of the inventory trade receivable and payables?
- Rohit Patni:** Inventory is 420 crores and the receivables are 526 crores in current assets and 116 crores in non-current assets.
- Shravan Shah:** And payable?
- Rohit Patni:** Payables are 465 crores.
- Shravan Shah:** And lastly how much CAPEX we did and what is likely to be in the fourth quarter and the next year?
- Rohit Patni:** CAPEX on this quarter is 14 crores, total nine months CAPEX is 26 crores, total CAPEX and full-year is approximate 35 crores.



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- Moderator:** The next question is from the line of Mohit Kumar from IDFC Securities.
- Mohit Kumar:** On this AIIMS largest project which you won on AIIMS, what is the timeline and what kind of execution is possible in FY21 and FY22 on this particular project?
- Shobhit Uppal:** Mohit as I mentioned earlier the timeline is 30 months. This is the EPC project so the first 3 months will go towards the design and then it 27 months to execute the work of about 1253 crores. So approximate average building will be about 50 crores. So you can say that in FY21 we should be logging of billing of about 600 crores and another 650 crores in the subsequent year FY22.
- Mohit Kumar:** Supreme Court I think has allowed the work on construction sites in the night; does it improve our run rate going forward?
- Shobhit Uppal:** Yes because generally on large fast track projects we work round the clock and practically pretty much on all the projects we work extended shifts if not round-the-clock and those shifts last till about 12 o'clock in the night, so yes it will improve the run-rate.
- Mohit Kumar:** How does the bidding pipeline looks like now and are you comfortable with this kind of order or you want to slow down for couple of quarters or how do you see it?
- Shobhit Uppal:** Bidding we are comfortable with our order book, more than comfortable, so yes over the next 2 quarters while we gear up to execute these challenging orders that we have won. So we would be slightly conservative in our bidding.
- Mohit Kumar:** Are there any large orders in pipeline in the next 3 to 6 months?
- Shobhit Uppal:** As I mentioned maybe in about 4 months time or 5 months time we may see a couple of bids going out on the Central Vista project and they would continue post, there are spate of elections around the corner. Bihar, we are present in a big way in Bihar. Elections are slated to be held there in October-November, so yes we foresee some orders coming from there also a more at least bid pipeline should be healthy from there. We continue to see a lot happening as far as centrally funded projects are concerned in states like they are also because the government is trying to consolidate their position there in such states.
- Mohit Kumar:** AIIMS and IIM in pipeline?
- Shobhit Uppal:** Yes, there is another AIIMS in pipeline. We are bidding for an AIIMS in Rajkot which the bid goes out next week. Then there is another AIIMS which we may or may not bid. So as I said



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the government's focus on healthcare and education continues not only the central government but also the various state governments.

Moderator: The next question is from the line of Nitin Arora from Axis Mutual Fund.

Nitin Arora: One is if you can talk about little on the working capital, how it has been moving with the government billing cycle because though I understand you said that you lost some revenue on the pollution control part. That would have impacted your fixed cost as well which impacted your margins apart from the write-off which you mentioned. Can you talk a little bit about how the government machinery in terms of working capital is moving, number one? Number two, with respect to execution given now all projects are intact, approvals are being done barring the Charbagh which even if you remove still the order book is healthy, can we see the execution to the tune of about 2400-2500 crores? Those are my two questions.

Shobhit Uppal: Answering your second question first; I had mentioned earlier, we are targeting a growth of 20% which I had mentioned last time around also in FY21 which I see no reason why we shouldn't achieve. So even if we close this year at 1800 crores, my guidance for the next year is about 2150-2200 crores. As regard the fund flow there is a definite constriction in the fund flow happening on the public sector side. All of us are aware economy is facing headwinds, so yes we have seen evidence of that in the last 2 quarters. But I'm hoping with this budget coming in and the government also waking or being more aware of the problems that businesses are facing. I feel that maybe the second half of next financial year things should start getting better. But the first half of next financial year we will continue to have to be on our toes.

Nitin Arora: I was asking that any further provision you see that can get your P&L going forward and what's the gross debt?

Shobhit Uppal: We have been largely successful in resolving a lot of our critical issues with some of our embattled clients. But next 1 or 2 quarters may see a few write-offs but nothing very substantial.

Moderator: The next question is from the line of Bharanidhar Vijayakumar from Spark Capital.

B. Vijayakumar: First question is on state wise order book, is it possible to give us on the outstanding order book? Just to understand the exposure levels for different states.

Shobhit Uppal: You want a state wise breakup, is it?

B. Vijayakumar: Yeah.



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- Rohit Patni:** The West is 16% all are Maharashtra, East is 42%, there 23% is Patna, Bihar and 19% is Kolkata, West Bengal. North total is 42%, there 10% in Lucknow, Charbagh, 5% is Uttarakhand and rest is Delhi NCR.
- B. Vijayakumar:** What kind of clients like can we get top 4-5 client names like what authorities are we dealing with, just to understand between central or state, what are the key clients because these are government so I'm trying to understand?
- Shobhit Uppal:** So Central Government clients are the likes of CPWD, NBCC, Hospital Services, Consultancy Corporation, State clients are state PWD which is called the BCD in Bihar or PWD in Kolkata West Bengal or Institutional clients like IIMs and IITs. Then they also have—though you haven't asked that question—we have a lot of blue-chip private clients. Brookfield is a client of ours, we are working for them across the country in Gurgaon, in NOIDA, in Pune. Amity across the country is a client. All their educational institutions across the states are constructed by us. Bennett & Coleman is a client for their office buildings as well as the University.
- B. Vijayakumar:** Second question, can we get some clarity on this pledge of shares of 41%? This is something we are trying to understand.
- Rohit Patni:** That out of which 1 crores shares have been pledged with Punjab & Sind Bank that's for working capital, not kind of another lending and 23 lakhs with Yes Bank and 12.5 lakhs with IDFC and RBI. But for all is non-fund limits, working capital limits. Basically that has been given like Punjab & Sind Bank we have given around 15-16 years back and now we are trying to get release the shares from Punjab & Sind Bank because we are replacing that limit with other banks.
- B. Vijayakumar:** So next year we can see a reduction in this or what is it like?
- Rohit Patni:** Yes exactly.
- B. Vijayakumar:** What is Central Vista the package that we have won? Central Vista package that we have already won what is this work about I mean out of the full plan of Central Vista?
- Shobhit Uppal:** This is a work, some buildings are to be demolished with house, offices of certain Central ministries before new buildings come up there. So these offices will be housed on two large buildings which will come, one location is Kasturba Gandhi Marg and one location is near Chanakyapuri near the Sarojini Nagar Depot. So, on these two locations office buildings will come up where the offices of buildings to be demolished, the offices which are housed there, they will be shifted to these locations.



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- B. Vijayakumar:** Then in that case the next packages, so what could be the likely package size or how many packages can just come out of that 10,000 to 12,000 crores? I'm just trying to understand how competition is going to be between the players.
- Shobhit Uppal:** That's guess work on my part because as I mentioned earlier the tender packages are yet not ready, they are being framed. But my informed guess is that there will be 8 to 10 packages.
- B. Vijayakumar:** It should be a mix of all kinds of works like development of buildings Rail Bhawan, Udyog Bhawan and all this as a separate contract and then....
- Shobhit Uppal:** To give you an example, presently buildings such as the working buildings which are there like Indira Gandhi National Center for Arts that will be erased to the ground. The new building will come up. So many old buildings which are a legacy of the British Raj will be erased and new buildings will come up there.
- Moderator:** The next question is from the line of Parvez Akhtar from Edelweiss.
- Parvez Akhtar:** First a couple of bookkeeping questions, what was our gross debt in cash at the end of quarter?
- Rohit Patni:** Gross debt is 33 crores.
- Parvez Akhtar:** And cash levels?
- Rohit Patni:** Cash and bank balance is 175 crores.
- Parvez Akhtar:** Just wanted to get a status of some of our other major projects like Nagpur and Kalyani Hospitals, there are two medical colleges in Bihar, IIM Nagpur, Pariwahan Bhawan and so on.
- Shobhit Uppal:** So those projects are moving as per schedule. Kalyani in Nagpur we should start handing over the buildings in June and by October those projects should be completed. As far as IIM is concerned Nagpur I think they begin their session, we are committed to make the move into Phase I again in June and that project will be completed by November. As far as the hospitals in Bihar are concerned one small hospital we will hand over in April, Muzaffarpur which is a fast-track project which we are going to complete in seven months from the time that we broke ground. It's on track. As far as Chapra and Nalanda are concerned those projects we are in the first 25% of the life cycle of those projects. They are 2 years project, so I expect them to be complete in the next 18 to 20 months.
- Parvez Akhtar:** In a sense except the Charbagh station project all our projects are moving, we are not really facing any issues on any of our other products?



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- Shobhit Uppal:** No.
- Parvez Akthar:** Obviously there is an economic slowdown—I think you had mentioned earlier also—that payments from the government side is becoming slightly tight. But still we have managed to land a lot of orders in the current fiscal, so what has been the competitive intensity of these projects?
- Shobhit Uppal:** The competitive intensity has been there because everybody does their due diligence in terms of the clients or departments or ministries who to work with who are I won't say cash rich, but cash flow is not so much of a problem, so yes competitive intensity is high.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** My question was that if we remove adjust the anomaly this year the NGT ban and extended monsoon, so we would have ended somewhere around close to 2000 crores worth of revenue and then next year we are looking at again 2200 so it's a 10% growth on a normalized basis. If I see order book has almost doubled last couple of years. So has the order book cycle now getting extended like versus earlier 2.5-3 years to like 4 or 5 years?
- Shobhit Uppal:** No, not really actually. It's about 3 years not 4 to 5 years.
- Parikshit Kandpal:** Because your guidance looks too conservative because if I normalize the revenue we are still ending up at 10% kind of growth for next year which you were saying 20%....
- Shobhit Uppal:** I am factoring in the economic uncertainties as I mentioned earlier. There are headwinds while I remain optimistic and I mentioned last time we are well stocked up so we have the orders and we feel the kind of clientele that we have, cash flow issues should be minimal. But I am still factoring in while everybody is quite pessimistic on the growth targets, the budget also has not elicited a positive sentiment but I feel it's stable; it's okay, it's augurs well. The first 2 quarters of the next year I feel the headwinds will continue to be there but the second half traditionally is always good, it will be good. So I am giving a 15% to 20% growth target which I think is conservative but we will achieve that easily.
- Parikshit Kandpal:** If I see last trailing 12 months we would have that close to like even if I look at FY19 back ended kind of numbers, before the elections we have got good orders and then again 3000 orders we have already gone. So 5000 crores worth of orders we would have gone like in last 12 months. So if you can just breakup how much of these orders we have contributed to the revenue this year?



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- Shobhit Uppal:** That's an interesting question; I think out of the 5000 crores, about 1500 crores give or take a few crores our orders which have not moved in this year. Charbagh continues to be a nonstarter, as I said Gardanibagh is 510 crores which has not started till date and then Mohammadpur and the auditorium projects would again contribute another about 500 crores. So about 1500 crores have not moved and out of the 5000 crores that we won, some orders we have won just now like AIIMS 1250 crores has just come in.
- Parikshit Kandpal:** So like we have been told will be very negligible contribution from this 5000 than this year in FY20, I am saying year, which is closing now March.
- Shobhit Uppal:** We mentioned that, the Central Vista project which is yet not on our order book we are just L1 but that project it should come in, in about a month's time with all the approvals and all. AIIMS is already there, Jammu is already there with us. That should start contributing from the second quarter onwards and should contribute about 500 crores odd as I said. There is a hospital that we won for the Haryana government which is a 350 crores project, actually 407 crores project. So that is moving fast now, we won that in this quarter so that should contribute to the run-rate, we have won a Sant Nirankari Hospital which is also a large 2 million square feet hospital on the outskirts of Delhi. That is moving fine now, that should contribute, so as I said 15% to 20% growth, I see no problem.
- Parikshit Kandpal:** This year till March these orders would have contributed how much to the revenue, I'm asking that question because 5000 crores....
- Shobhit Uppal:** Very little as I said.
- Parikshit Kandpal:** That's what I am saying so average executable order book, average order book say would be around 3000 this year and that would have contributed to us to 1500-1600 crores of turnover, is my assessment correct for this FY20?
- Shobhit Uppal:** Broadly speaking yeah I guess so.
- Parikshit Kandpal:** Now this 5000 move will be that can give a big bump up, I know you will consume some of the other orders that but that should give a big book to bill conversion ratio for next year which should exceed at least 2200 crores, that is what I wanted to know.
- Shobhit Uppal:** You are trying to put words in my mouth.
- Parikshit Kandpal:** This Central Vista project which you said that this is more like a demolition of the existing buildings, right?



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- Shobhit Uppal:** No, sorry I didn't articulate that properly I guess. Some buildings have to be demolished, right where the Parliament, New Parliament or PM House or other such buildings are going to come up. So these buildings when they are demolished, these buildings already are housing some offices, right? There are some people sitting in these buildings, so these offices have to be shifted to new buildings, new locations. These new locations have been earmarked, there are two new locations one is Kasturba Gandhi Marg and one is near Chanakya. So there are seven buildings coming up now, three at Kasturba Gandhi Marg and four at Sarojini Nagar Depot location. This is what our project is about. This is about 540 crores, these are pre-engineered buildings where there is about 5000 tonnes of structural steel to be used to make the skeleton of these buildings and they are very modern buildings. They have all fancy amity works and finishing inside but primarily these are office buildings.
- Parikshit Kandpal:** The client will be CPWD only here?
- Shobhit Uppal:** Yes.
- Parikshit Kandpal:** So that also makes us like in a sense qualify for the main project which will come under the Central Vista may be in by March or April, whenever the tender comes there will...
- Shobhit Uppal:** No, let me clarify. Qualification is not automatic while yes we have taken this order. There were only three of us bidding for this job, we have taken this order to kind of become front-runners for the Central Vista projects to come but those projects will have their own set of qualifying criteria.
- Parikshit Kandpal:** But more or less will be satisfying, your own assessment that we will be more or less technically qualified for that, right?
- Shobhit Uppal:** Putting words in my mouth again.
- Parikshit Kandpal:** We will build independently, there won't be any partners, so we are confident that at least the kind of sizes which you are saying 10 or 12 packages which you said so that we will be able to channel on basis bid for those projects.
- Shobhit Uppal:** Let me clarify, that is not a given because there is talk of some of those packages being the in excess of 2000 crores each. So if that happens I don't think other than Larsen & Toubro any Indian company would qualify. So there is talk of the government framing criteria in such a way that large Indian companies like ourselves bid with a joint venture.
- Parikshit Kandpal:** We are open to that possibility, we have like...



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- Shobhit Uppal:** We will definitely be bidding.
- Parikshit Kandpal:** We have partners identified already for this kind of opportunity whenever it comes.
- Shobhit Uppal:** Yes.
- Moderator:** The next question is from the line of Ashish Shah from Centrum Broking.
- Ashish Shah:** Just coming back to the Central Vista's project now so in the past we have had issues with tree cutting clearances and such things so are all the clearances in place for this project or you think that can be a factor for delay?
- Shobhit Uppal:** Look tree cutting is not a problem; there are not many trees on these two locations that I mentioned. As far as the clearances are concerned the Central Ministry through CPWD are I think taking the clearances. This is an emergency project; they have told us that the clearances will come in the next 1 month. That is why I mentioned it will take about a month for this project to be awarded.
- Ashish Shah:** But there is some sort of tree cutting which have been involved so just that one has to be...
- Shobhit Uppal:** Tree cutting is not a problem here, other problems, not problems I would say normal approvals which are being taken but tree cutting is not a problem here.
- Ashish Shah:** And as of now is the environment clearance in place for the project or that is still in the pipeline?
- Shobhit Uppal:** That is in pipeline.
- Ashish Shah:** Can you give the mobilization advances number as of quarter end.
- Rohit Patni:** Mobilization is 230 crores.
- Ashish Shah:** And all of this is interest-bearing, right?
- Shobhit Uppal:** Most of it.
- Moderator:** The next question is from the line of Prem Khurana from Anand Rathi.



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- Prem Khurana:** A small clarification to begin with this Sarojini Nagar building that you spoke about, four buildings that you need to do as a part of the Central Vista project. I am assuming it has nothing to do with the existing colony redevelopment that is there in Sarojini Nagar?
- Shobhit Uppal:** No, nothing to do with that. It's just that it's in that vicinity near Chanakya, it's near Sarojini Nagar Depot.
- Prem Khurana:** If I want to look at the last 2 years, we have done exceedingly well in terms of order accretions and if I were to remember that again if my memory serves me right; this has come at a time when we have always been cautious of the competition that you have in the system today but despite that we have been able to manage this kind of numbers. So what would you attribute this to; is it that there may be we have tried sizing which is why there is less competition which is how we have been able to manage this or what are we doing new which is why we have seen this kind of success now?
- Shobhit Uppal:** Why do you want me to let out my trade secrets?
- Prem Khurana:** Figuratively, don't give me the exact details but if you could share your thoughts?
- Shobhit Uppal:** It's just that you did mention that we have been able to enter into sizes of projects where competition at times has been less and we have been able to compete well with the likes of Larsen & Toubro, Shapoorji Pallonji and Nagarjuna. That coupled with our record of timely delivery that has stood us in good stead with some of our existing clients; be it in states like Bihar, West Bengal all Central clients such as NBCC and CPWD. So I think it all boils down to timely delivery of the projects that we have taken on.
- Prem Khurana:** Jammu AIIMS that we have been able to manage now. Is it is designed build or is it proper EPC I mean design with CPWD because I mean why I asked this is essentially because with Kalyani in Nagpur we saw some delays because you were supposed to have someone else design the project for you and it took you some time to be able to get your designs and in place, so do we run a similar risk for Jammu as well or is it that you would do it on your own and go ahead with the project?
- Shobhit Uppal:** No this is different. This is an EPC contract. It's different from Kalyani in Nagpur.
- Prem Khurana:** If you could share your thoughts on Sion Hospital, the issue is settled or what is the situation there?
- Shobhit Uppal:** its being been re-tendered. We are bidding again.



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- Prem Khurana:** So the L1 that you spoke about doesn't include Sion, right?
- Shobhit Uppal:** No, it is not included in our order book or in the L1.
- Prem Khurana:** The guidance that you gave on margins, 10.5% for this year and 13% odd for next year but in the same way you also spoke about some more provisions that you would have to...
- Shobhit Uppal:** That is factored in when I gave that margin.
- Moderator:** The next question is from the line of Malay Shah from Indsec Securities.
- Malay Shah:** My question is regarding the railway station redevelopment plan that was announced by the government. So just wanted to understand how are we looking at the opportunity, if you can just throw some light?
- Shobhit Uppal:** No, that does not excite us because primarily on account of our experience of Charbagh; government is talking about redevelopment. It's been talking, it's created another nodal agency for that also but I feel the government is yet not very clear on how these projects will be funded and some of these projects with will be in the PPP mode and I made our dislike for PPP very clear. We don't intend to go that route.
- Moderator:** The next question is from the line of Jiten Rushi from bank of Baroda Capital and Markets.
- Jiten Rushi:** Just wanted to understand on the Charbagh front are we able to bid independently or we will be bidding in JV because these are the large sized projects, so what is the qualification criteria for these projects?
- Shobhit Uppal:** Charbagh, you said Charbagh.
- Jiten Rushi:** No, Central Vista my mistake.
- Shobhit Uppal:** So I did mention earlier that the first project that we have got this is on our own but it all depends on the sizing of the subsequent packages. If the packages, there is some talk that some packages would be about 2000 crores each. So if that happens we will bid with a JV, if JV is allowed which till today what I am hearing is that yes, JVs would be allowed. If there are smaller size packages then we will bid on our own.
- Jiten Rushi:** So what is the independent...
- Shobhit Uppal:** (+) 1000 crores.



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- Moderator:** The next question is a follow-up question from the line of Parvez Akhtar from Edelweiss.
- Parvez Akhtar:** Couple of questions, first for the new AIIMS project that we have done in Jammu. What is the status of clearance and the other statutory approvals? How soon can we actually start work on the ground?
- Shobhit Uppal:** The ground-breaking ceremony was held yesterday, approvals are in place and designing has started, so as I said first 3 months are for designing and approvals from CPWD but basic approvals are in place and we should see actual work on the ground starting. It's a low-lying area so there is a lot of filling but it's a totally clean site. It's about 270 acres of site and so we should see some work happening on the ground in April.
- Parvez Akhtar:** A question for Satbeerji, what would be our average cost of debt currently?
- Rohit Patni:** Cost of debt 8.35%.
- Moderator:** Next question is a follow-up question from the line of Prem Khurana from Anand Rathi.
- Prem Khurana:** Could you please update us on quota, what is the leasing status now and what was the cash back during the quarter in the nine-month please?
- Rohit Patni:** This quarter we have revenue is around 1 crores 82 lakhs and that has been improved by 50% from year-on-year basis and for the nine-months revenue is around 5 crores and we are expecting by the year end the revenue around 7 crores.
- Prem Khurana:** How much of the area is already leased out now?
- Rohit Patni:** It's around 65%.
- Prem Khurana:** Last quarter I remember that again it was almost around 57, so we have incrementally seen 8% this quarter, right?
- Rohit Patni:** Right.
- Prem Khurana:** Any incremental deals in the pipeline which would take this number higher and what could be number by this year end?
- Rohit Patni:** This year I have already said that it is around 7 crores.
- Prem Khurana:** How about cash back?



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- Rohit Patni:** I think that would be similar.
- Moderator:** The next question is a follow-up question from the line of Ashish Shah from Centrum Broking.
- Ashish Shah:** You did mention that there were totally three bidders in the Central Vista's project, so who are the other two and what were the bids if you can share?
- Shobhit Uppal:** The other two bidders were Larsen & Toubro and Tata Projects.
- Ashish Shah:** If you can share the L2-L3 bids?
- Shobhit Uppal:** I won't have the numbers handy. You can link up with us either to Rohit, connect up with him. He will take it from the tender division and give it to you.
- Moderator:** Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Vibhor Singhal from PhillipCapital (India) Private Limited for closing comments. Thank you and over to you sir.
- Vibhor Singhal:** Thanks Aman. On behalf of all the investors, I would like to thank the management of Ahluwalia Contracts for giving us the opportunity to host this call. Any final word sir from your side?
- Shobhit Uppal:** Just thank you all of and looking forward to talk to you end of the year results. Thank you so much.
- Vibhor Singhal:** Thank you sir.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of PhillipCapital (India) Private Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.