"Ahluwalia Contracts India Limited 4QFY21 Post Results Analyst Conference Call"

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MANAGEMENT: **MR. SHOBHIT UPPAL – DEPUTY MANAGING DIRECTOR, AHLUWALIA CONTRACTS LIMITED**
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MODERATOR: **MR. VARUN GINODIA – AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and Gentlemen, Good Day and welcome to Ahluwalia Contracts India Limited 4QFY21 Post Results Analyst Conference Call hosted by Ambit Capital 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Varun Ginodia from Ambit Capital. Thank you and over to you, sir.

Varun Ginodia: Thank you so much Nirav and Good afternoon everyone and I wish, and I hope everyone is keeping in good health. We welcome everyone to Ahluwalia Contracts 4QFY21 Post Results Earnings Call. Today we have from the management Mr. Shobhit Uppal – Deputy Managing Director, Mr. Vikas Ahluwalia – Director and Mr. Satbeer Singh – CFO.

In terms of flow of the call Mr. Shobhit Uppal will give some opening remarks and then we will open the floor to Q&A. Sir, over to you.

Shobhit Uppal: Thanks Varun. Thanks, Nirav. Good afternoon everybody. Welcome to this results call year ending FY21 Financial Results for Ahluwalia Contracts. During Q4 FY21 the company has achieved a turnover of 761.70 crores and a PAT of 37.07 crores in comparison to a turnover of 549.22 crores and a PAT of 6.10 crores in Q4 of FY20. EPS of the company for Q4 FY21 is 5.53 as compared to 0.91 in Q4 of FY20. During Q4 FY21 the companies EBITDA margin is 9.62% as compared to 4.71% and a PAT margin of 4.87% as compared to 1.11% in the corresponding period of the last financial year. During the financial year 2020-21 the company achieved a turnover of 1982.19 crores and a PAT of 77.24 crores in comparison to a turnover of 1884.93 crores and a PAT of 64.44 crores in the financial year 2019-20. EPS of the company for FY2021 is 11.53 as compared to Rs. 9.62 in the financial year 19-20.

During the financial year 2021, the companies EBITDA margin is 8.91% as compared to 8.67% and a PAT margin of 3.9% as compared to 3.42% in the corresponding period of the last financial year. Net order book of the company as on 31st March 2021 stood at 7,605 crores to be executed in the next two to two and half years. Thank you. We are open for questions now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Sir first need your opening remarks related to what kind of an execution you are seeing at the ground level for specifically for our order book in context of two things. One how is Bihar project is moving now and the projects like Sion because Maharashtra you have two projects which is your metro and the Sion how they are proceeding, why I am asking this sir because projects like Jammu and the Delhi government project the Central Vista was in full swing as you were guiding earlier as well, so if you can throw some light will execution ramp up from the Bihar and the Maharashtra projects how we should build in that?

Shobhit Uppal: Bihar the projects now going forward will move full swing. First there was a hangover of elections and secondly what we have seen in Bihar and in most of the government projects when the financial year ends the next couple of months the treasury movement is a little slow so that is behind us now that coincided with the impact of second wave of COVID. So, while the first quarter is sluggish, but going forward Bihar I think will pick up speed now it is in the process of doing that we are picking up speed there and some fund release there has already started in the last 7 to 10 days. As far as Mumbai the two projects are concerned MMRDA the depo has also picked up speed, Sion as per the nature of the project it really does not affect the total turnover too much because the stipulated duration of that project is about 4 years. So the run rate in that project is never going to be high that is what has been taken into our planning also.

Nitin Arora: Next year given what second wave would have impacted your Q1 I am assuming not much impact because of the construction activity was I think already on you can comment on that it will be helpful, but generally for the next one year given the Bihar will ramp up I think Jammu already in full swing, how much revenue once you build up for the next year here going forward?

Shobhit Uppal: Nitin there is an impact if people are telling you that the first quarter there is no impact why construction did not stopped totally, but definitely our labor drop down to about 30% on an average in these two months. So yes as I mentioned first quarter will be sluggish and then secondly everybody is talking about the third wave that is an unknown how that is going to impact moving forward this uncertainty continuous to be there and labor force still is not back to 100% on all our projects because of this uncertainty. However, inspite of these headwinds of our guidance for this financial year is 10% to 15% growth in our revenue.

Nitin Arora: So you are taking much impact of third wave any which ways in your guidance is that the right way to look at it when you are guiding at a lower end at 10%?

Shobhit Uppal: We can only take a certain amount of impact we do not know how bad it will be.

Nitin Arora: Because why I am asking this because 7,500 crore backlog you will be executing very fast your Central Vista and Jammu in the first half then second half it has to be driven by let us say Bihar so that is why I asked you Bihar started moving and all because Calcutta not much order book left now we have already executed very fast there?

Shobhit Uppal: Yes within the first half of this financial year Calcutta will contribute because it has been good that the same regime has come back to path and we have couple of large projects which now has started moving post selections there again, the auditorium project and the Milon Mela project. So Yes the first half will contribute, contribution will be there from Calcutta also.

Nitin Arora: So just take of yours on the bid pipeline across the projects that is one and second can you throw some light how now you are viewing the real estate part because we keep hearing from real estate sector that the demand is coming back so some of the players are in a hurry of new launches as well, what is your sensor because you generally being positive on commercial I remember and we saw some orders also coming from there so just need your take on the bid pipeline how you are seeing in terms of ordering, how much you are planning and your take on real estate?

Shobhit Uppal: We continue to be vary of private real estate especially residential. It is yet not a focus area for us so that is one part of your question answered and as far as the bid pipeline is concerned we have submitted bids for about 2,000 crores 1930 crores as things stand today and beyond this also I am seeing a bid pipeline on about 1,200 crores.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital Market Private Limited. Please go ahead.

Shravan Shah: Sir couple of things first when we are saying that labor is 70% and first quarter is sluggish, if you can help me just a broad number can we say at least 500 crores so 762 crore is the fourth quarter revenue even if I do a 70% of that is 532 crore, so will it be even lower than that or that would be kind of a broadly on that range as we have already finishing the quarter?

Shobhit Uppal: I think it will be around 500 crores that is what our projection shows.

Shravan Shah: On the EBITDA margin front previously we said that we were looking at 10% for this year and 11%, 12% for FY23 is there any change in that number?

Shobhit Uppal: No we are quite bullish on an EBITDA in this year beyond going financial year 11% to 12% so we will increase it by a percentage point.

Shravan Shah: Third thing just wanted to understand in terms of the previsions for debtors last time we said in 9 months we have return 13.78 crore, but now if I look at in terms of the cash flow it is around 53 odd crore so this quarter it seems that we have written off 39 odd crore or made a provision for that, so just trying to understand what is that and is it over because even last time also we said we were expecting 6 more crore provision this quarter and now actually we have done close to 39 crore, 40 odd crore so not able to understand where we are going wrong and what is still left in terms of that and at the same time in terms of the CAPEX also last time when we said that in 9 months we did around 19 crore and expecting 7 crores, 8 odd crores, but we have done actually 35 odd crores, 36 odd crores, so what would be the number for next year in terms of the CAPEX also?

Shobhit Uppal: Yes I had given you a total CAPEX for the entire year at about anywhere between 25 to 28 crore. You are right we have done 35 crores that is because due to paucity of labor we have invested more in mechanization to get projects up to speed especially large projects certainly half schedule projects where we have taken a calculated gamble in investing more in machinery primarily cranes and excavators and also shuttering systems and we have done this on the Jammu projects, we have done this on the Hamirpur project and the Chamba projects there are hospital projects where the state governments are also extremely bullish as is the center for the Jammu project because they feel that the funds for these projects are not going to be in short supply. Going forward the CAPEX for this year will be between 25 crores to 30 crores. As far as the write offs are concerned there is no confusion I think you used the word where we are going wrong, we are not going wrong at all I thought the street would be happy we cleaned up our balance sheet totally and I had maintained that by the end of this financial year most of the so called the bad debts we would write off and we have done that.

Shravan Shah: So now nothing left in terms of the provisions?

Shobhit Uppal: Minor things that also we are hoping that it would not come to that, but the balance sheet is mostly totally cleaned up now.

Shravan Shah: Lastly sir on data point breakup of order book segment wise, region wise and also the number on the mobilization advance retention money and unbuild revenue?

Shobhit Uppal: Government is 80% and private is 20% and segment wise it is commercial that is 4.92%, hospital is 51.58%, infra 12.75%, institutional 15.27%, retention 14.48% and region wise East this is 33%, North 46.1% and West 20.23% and South negligible 0.66% and you are asking about mobilization advance that is around 322 crores and further retention money that is including this is retention and debtor this is 616 crores and unbuild revenue is 252 crores.

Shravan Shah: Sorry retention sir you said how much?

Shobhit Uppal: Retention is out of that 181 crores including current and noncurrent.

Moderator: Thank you. The next question is from the line of Mohit Kumar from Dam Capital Advisors. Please go ahead.

Mohit Kumar: Sir on trade receivable you said that written off entirely everything and there is no surety, there is no written off likely in the FY22, so my question is how do you see the trade receivables going forward for FY22, do you think it will increase or do you think it is maintained at this level given that we are guiding for a muted kind of revenue growth given our large order book and secondly sir can you just is the order book 7,500 crores can you confirm that number?

Shobhit Uppal: Yes 7,605 crores.

Mohit Kumar: And at trade receivables can you please elaborate on that how do you see the trend going forward?

Shobhit Uppal: Trade receivables it will remain at these levels because as I said the pandemic is still continuing and the impact of the third wave what it is going to be and how even if it is not there how the economy reacts or bounces back. So, these are some of the things which are still in the realm of uncertainty. You want any specific numbers on trade receivables?

Mohit Kumar: I think it will remain like this I think you are guiding for a stable trade receivables?

Shobhit Uppal: Yes.

Mohit Kumar: Is there any order inflow guidance you can provide for FY22 and what kind of orders are available from the government side in the sense the hospital are you seeing more tenders or hospitals or is it general building?

Shobhit Uppal: At the moment as far as the government order pipeline is concerned we are seeing focus on healthcare projects otherwise it is sluggish because of the various state government and the Central government also looking at balancing their budget and seeing how money can be allocated for various projects so there is a bit of slowdown in other projects, other institutional projects let me put it that way. As far as our guidance with the order inflow is concerned it is about 2,500 crores for the entire year.

Mohit Kumar: And last year was 2,000 crore am I right sir?

Shobhit Uppal: Yes.

Moderator: Thank you. The next question is from the line of Ashish Shah from Centrum Broking Limited. Please go ahead.

Ashish Shah: Sir just coming back to the subject of provisions so as on the last annual report we had three distinct buckets of issues one was the BG encashment which is about 20 crores we had overdue retentions and receivable of 79 crores and we had 53 crores of inventories I believe the inventory part is what it remains and where are we on the BG encashment part of 19 is that completely written off during this year and where are we on the 79 crore which you had recorded as on the last annual report, so how much of that is remaining right now?

Satbeer Singh: We are not able to understand what you are asking because the first part I think he is talking about the BG encashment of reliance that is what he is talking about with Reliance metro.

Ashish Shah: He is talking about ADAG growth?

Shobhit Uppal: That we have not written off there are settlement has been reached with Reliance. This 19 crores in addition to that another about 24 crores I think the total settlement is about 40 odd crores which they have to pay us in the next 4 years to 5 years obviously the repayment plan as per the repayment plan it should have started, but only a token amount has come obviously on account of because their revenue is continue to be hit because of metro not functioning on account of pandemic and their award from Delhi metro airport line yet not having fructified so that is not written off. What was the next part of your question that I think we did not understand.

Ashish Shah: Next part was overdue retentions and trade receivables that was recorded at 79 crores in the last annual reports what I am checking is that?

Satbeer Singh: So this is not an overdue basically that is the part of if you are asking for the old legal projects that amount hardly 4 crores retention money. Trade receivable we are in legal and arbitration that is hardly 4 crore retention is you can say, but rest of the retention money for the running projects are there out of 181 crore you can say around 175 crores are related to running projects.

Ashish Shah: So we are basically saying what is balance what Shobhit sir said is that the remaining amount if at all are going to be very small, so we are talking about the quantum of let us say around 4 odd crores of retentions which probably?

Satbeer Singh: That only 4 crores, 5 crores is related to old project that we have taken action in legal or arbitration matters.

Ashish Shah: Apart from that there is nothing remaining?

Satbeer Singh: No that is all running projects, but we are realizing time-to-time according to the situation of the availability with the clients and also availability of our limits also so that we are realizing time-to-time against the BG, most of the projects have terms of liaison against retention against the BGs.

Ashish Shah: So can you give the breakup of the finance charges the interest cost for Q4 and FY21 as reported in the P&L?

Satbeer Singh: Interest cost is hardly now this is coming out 7.5%.

Ashish Shah: Sir I am saying the total finance charges the finance cost reported for the quarter?

Satbeer Singh: Out of this basically majorly related to mobilization advance that we have taken around 320 crores that amount is out of 21 crores that is a mobilization advance and another one is you will find that discounting of the lease liability license fees that is 4,20,000 that is also included in the Kota project and another is 12 crores to 13 crores related to BG commissions like expansions interest cost is hardly 3.90 crores which is given to the banks.

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

Parikshit Kandpal: Shobhit my first question was on if I go a little bit back in the history if I see your numbers so FY19, FY20 we had major debt flows and FY18 to 21 we have almost more than doubled our order book, but in terms of revenue we are still struggling in that range of 17,000 to 2,000 crores of number while the order book has more than doubled, so this 750 odd crores which we have done, so is this the optimal revenue we can do in a normalized condition on the current order book because I was waiting for last almost two years that somewhere we catch up with the order inflows and order book in terms of execution, have we reached that stage now whatever happened in terms of COVID first and second wave are we there?

Shobhit Uppal: You use the word optimum conditions yes we are there. If conditions stay optimal then Yes 750 is achievable, but as we have seen Parikshit year after year there are surprises around the corners every time we get to completion. So, that is why I am giving the guidance that I am, but probably by the end of this year we should be at 2,300 crores or there in there about.

Parikshit Kandpal: This will be almost very conservative in terms of pricing on this large extent of second wave and other conditions related to payments of your dues and all, so considering the economic factors as well so I mean that could be potentially upside from these levels or this is not the optimal kind of execution which you are guiding?

Shobhit Uppal: Could be Parikshit, but as I said we are still not out of the pandemic it is only prudent to assume that there will be some continued effect over the next few months at least.

Parikshit Kandpal: Second question was on sir again on the same thing that the order book has doubled, but last quarter that has not selected yet as an execution and it is followed by massive increase in the raw material prices last year, so do you think that this 11% to 12% kind of margin guidance rises in the raw material escalation on the entire order book or are there any further negative surprises on the margin front which could possibly come up?

Shobhit Uppal: They have been factored in.

Parikshit Kandpal: And for FY23 trajectory wise you said you are getting bullish on the margin so 11 to 12 for next year does it have further scope of increasing to 12% to 13% in FY23 hopefully by then we will have no more of like third or fourth potentially fourth or fifth in the absence of that so can we move back to our normalized margins of about 13% range by FY23?

Shobhit Uppal: Yes.

Parikshit Kandpal: Just lastly on this year so how much is the total write off which we took in FY21?

Shobhit Uppal: I think 53 crores.

Parikshit Kandpal: And you are saying that this year may be very minor amount might come in almost everything is appointed for?

Shobhit Uppal: Yes.

Moderator: Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital (India) Private Limited. Please go ahead.

Vibhor Singhal: So sir question was two questions one just happening a little bit more on the provision side so you mentioned the total 53 crores of provision is what we have taken for this full year assuming and going by the calls that we had last quarter the total provision for this quarter would be around 34 crores?

Satbeer Singh: Yes exactly. Just to have you made provision and write off with 34 crores.

Vibhor Singhal: So, basically if I were to and this would be reflected in the other expenditure right P&G P&L?

Satbeer Singh: Yes.

Vibhor Singhal: So that is around 450 basis points so we can assume that the provision was not there our core operating margins would have been close to 13.5%?

Shobhit Uppal: About 11.5%, 12%.

Vibhor Singhal: So that is the margin as you mentioned we can replicate as well next year on a core operational basis?

Shobhit Uppal: Exactly that is why I said 11% to 12%.

Vibhor Singhal: And sir this entire 53 crores was related to the common wealth games project or was there other projects as well?

Shobhit Uppal: Majorly to the commonwealth games project.

Vibhor Singhal: And the commonwealth games have been experienced out completely there is no more provision left for that project to be made?

Shobhit Uppal: Yes.

Vibhor Singhal: Sir my next question is just one I mean I just wanted to get a clarification on couple of balance sheet items so our other noncurrent assets have increased from 71 crores to around 120 crores and our other current assets have increased from 315 to 458 crores, so put together this is approximately 150 crores of increase in our other current and noncurrent assets?

Satbeer Singh: Basically you are asking other current assets that has been increased 315 to 458 crores majorly due to unbuild revenue that has been grown from 124 to 252 crores and despite that is basically due to GST we have taken refund around that amount has also increased by 30 crores that is a major impact that the current assets has been increased from by 143 crores and you are asking about other current financial assets?

Vibhor Singhal: No sir other noncurrent assets from 71 crores to 118 crores?

Satbeer Singh: That is due to increase in retention money. Retention money has increased to 60 crores to 105 crores that is a major impact only in other noncurrent assets.

Vibhor Singhal: And sir in the unbuild revenue you mentioned unbuild revenue has increased from 120 crores?

Satbeer Singh: 120 crores to 252 crores.

Vibhor Singhal: So sir this 130 crores of incremental this is again any specific projects which captures major part of this unbuild revenue or it is spread across?

Satbeer Singh: That is due to change in the system basically what happens now earlier we are taking was done in particular month we are inviting according to that, but now because of real time inviting is there that is why we have to increase the amount that is WIP and an unbuild revenue that we are not able to recognize in revenue.

Vibhor Singhal: So just that maybe a recognition kind of a problem?

Satbeer Singh: Changes in the GST system that you might be aware that they have introduced this in E marking system.

Vibhor Singhal: The major increase is because of that?

Satbeer Singh: Yes that is why unbuild revenue has been grown up.

Vibhor Singhal: Shobhit sir just one last question from my side, just wanted to pick your brain on basically we know that the healthcare sector is basically seeing a lot of boost and as we are having this call FM again came on television and he has been delivering some more sops to the sector, so do you see we our business also kind of moving towards that direction we have certain expertise in this domain, so do you foresee that in the next couple of years maybe larger part of the order book than what it is today could be in the healthcare segment and there could be much larger projects coming through or way in this in this second per se?

Shobhit Uppal: Look I will not exactly replicate what you are saying, but what I would say and I had said this I my last call also that we are in a special position because of our expertise of having delivered hospital in the past 5 years to 7 years and going forward this will remain a focus area and it will help us in growing our business.

Moderator: Thank you. The next question is from the line of Rajat Sethia from ithought Financial Consulting LLP. Please go ahead.

Rajat Sethia: Sir most of my questions have been answered one thing is thing if we look at our finance cost so it keeps on changing obviously depending on the order that we have improved and depending on the order book that we did, so just wanted to understand in reference to the revenues may be is it something that we can generalize, and this is the range that we would be comfortable approaching that revenue.

Shobhit Uppal: Rajat your voice is not very clear.

Rajat Sethia: I was saying in terms of finance cost as a percentage of sales if we have to look at, is it something that you can help us understand how it moves in relation to the revenues?

Satbeer Singh: Basically going onwards the finance cost would be reduced gradually because of adjustment of mobilization advance. Mobilization advance is 322 crores you can say our project is around 2.5 years to 3 years that would be advance would be adjusted. So that now going onwards you will find that coming out as 2.14% so that major realization advance interest is there 21 crores that we are expecting that will be.

Shobhit Uppal: If I understood your question correctly you want to understand why there is a variation year after year is that what your question is.

Rajat Sethia: Just would like to understand how to really understand this particular cost component because I think it is a function not just the revenues that we book in our P&L, but also the order book I think that we have in the pipeline correct?

Shobhit Uppal: So I will tell you what it is a function of if you see normally for companies which are debt laden majority of the finance cost comes from the interest that they pay to the bank. We are virtually a debt free company out of this total I think the advance in total finance cost is about 40 odd crores 42 crores out of this what we pay to the bank as far as is virtually negligible it is 4 crores more than 50% about 50% of this cost is on account of the mobilization advance which we have taken on various government projects which is interest hearing about 20 crores out of this 40 odd crores is that finance cost. In this year particularly in the later part of financial year last financial year we did not take much mobilization advance even when it was due we did not take it, but seeing the market scenario, seeing the fund position with various state governments and central government we thought is prudent to take this advance that is why this absolute figures stands of this advance outstanding on our books is about 320 crores and what Satbeer mentions had mentioned is that going forward if condition improve we would get it deducted and try and reduce this finance cost on our balance sheet. The other portion of this finance cost is what we pay to the banks for our bank charges against bank guarantees that we take which we have to give as performance securities, as mobilization advance bank guarantees and retention securities to various government clients and about 4 crores he mentions as an answer to one of the earlier question is for the Kota project.

Rajat Sethia: Just one follow up on this on this mobilization advances that we get so we took it because we thought considering in mind the liquidity situation, but now going forward let us say when we do not take this advance this interest-bearing mobilization advance then how do we finance from our own books or how does it happen?

Shobhit Uppal: So it depends on project-to-project you know it is a Central government project especially relating to ministries healthcare for instance going forward we would avoid taking mobilization advance or we will not take it to its fullest extent and we would like to finance it from internal accruals, but if it is in state say Himachal for instance if we feel in the long term funds may be an issue we would like to stock up by taking the mobilization advance.

Rajat Sethia: And what is the charge on mobilization advance what is the rate of interest?

Shobhit Uppal: It is 10% the rate of interest is generally 10% and there is no other charge other than the charges that we pay to the bank for getting the bank guarantees because this advance will securitize by giving bank guarantees to the client.

Moderator: Thank you. The next question is from the line of Jiten Rushi from Axis Capital Limited. Please go ahead.

Jiten Rushi: Sir in the order backlog can you give us the breakup between the fixed price contract and the contract wise covered by escalation or most of the contracts are covered by escalation?

Shobhit Uppal: I think about 80% of the project we will send these exact numbers to you Satbeer please note this, but about 80% of the contracts are covered by an escalation clause.

Jiten Rushi: We are like well protected against the raw material prices?

Shobhit Uppal: Yes.

Jiten Rushi: Sir on the inventory part have we sold any inventory in the form of real estate which we were having which we had taken from our clients and which one in our books and what would be the pending outstanding inventory such type of inventories?

Satbeer Singh: As we have sold during the year we would like to know the entries around 7.69 lakhs and that is the results and sir we have shown lot of rupee to a 2.944 it includes impairment of Rs. 1.91 crore.

Jiten Rushi: I did not get you said 7.9 crore was the opening?

Satbeer Singh: We have sold during the year 7.89 crores inventory.

Jiten Rushi: That is what we have sold?

Satbeer Singh: Yes. You can see the result the segment wise was there we have shown there for that part.

Jiten Rushi: In terms of the order backlog so can you give me the outstanding order backlog for two key projects if I may ask as on March ending so Jammu project, the hospital project and the hospital project in Nagpur AIIMS and the Kalyani Nagar West Bengal then the government hospital project in Bihar Chhapra, so if it is possible can you share these numbers, or should I take it?

Satbeer Singh: that is AIIMS Kalyani 177 crores, and you are asking about Chhapra this is 314 crores and Nalanda 258 crores and Jammu this is 1,176 crores, Central Vista this is 246 crores.

Jiten Rushi: So almost significant execution done this quarter I think.

Satbeer Singh: Yes.

Jiten Rushi: And sir this Nagpur AIIMS?

Satbeer Singh: AIIMS this is 125 crore.

Jiten Rushi: And sir one more project MCGM of Sai Hospital you said it has started so is it still the same in the order backlog?

Satbeer Singh: That has just started that is all amount is pending.

Jiten Rushi: And that 240 bed hospital project also started or how it is sir?

Satbeer Singh: Which project?

Jiten Rushi: Hamirpur project?

Shobhit Uppal: It is a design based project, but work on the ground has begun. We have already done a billing of about 10 odd crores there.

Jiten Rushi: So sir can I get separately the list of outstanding order backlog project wise if I mail it to the IR team can they mail me if it is agree with you?

Shobhit Uppal: Trade payables and receivables.

Moderator: Thank you. The next question is from the line of Jaimin Shah from Equirus Securities. Please go ahead.

Jaimin Shah: Sir my question is regarding the gross margin that we have reported during this Q4 FY21 so sir if you see the trend of Q3 FY21 or Q4 of FY20 then the gross margins was hovering around 17% to 18% that is you have recorded around 21%, 22% during this Q4 FY21 despite this raw material prices increase, how you are looking at this margin going forward in the range of 21, 22 or below that?

Shobhit Uppal: We have been able to achieve an excellent set of numbers in this quarter due to various factors primarily some projects where the margins were high we could our executions levels were very high, but this I do not expect these kind of numbers to last quarter after quarter especially on account of the uncertainty as I said, but if optimal conditions are there so why not. As I mentioned I think it is Shravan who asked that question maybe two years down the line we will go back to the highs that we had attained in the past around 2010.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital Market. Please go ahead.

Shravan Shah: Sir last time you said that we did two project one was NBCC Delhi and one was Patna around 1,000, 1,000 each has that bid opened or it is still pending that we said around 1,930 crores that we have submitted so that is still part of that?

Shobhit Uppal: The first one the Delhi one in Karkardoom they were two bidders one was Nagarjuna, one was us. The job has been awarded to Nagarjuna who was about 18% lower than us if memory serves me right. So, what we had bid as 1,050 crores I think he has taken the job at about 830 or 840 crores so that has been awarded not to us. The second job is yet to be the price bid is yet to be opened I think Bihar because it was various government departments were reeling under the effects of pandemic. So, I think the valuation is on the pre-qualification or post qualification is still continuing.

Shravan Shah: So, currently what we said around 1,930 crore bids submitted to around 1,000 crore would be the Bihar one so the other 900 or 1,000 crore that would be a single project or two, three projects are there?

Shobhit Uppal: There are five other projects.

Moderator: Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi: Couple of questions from my side first I mean you mentioned that bid pipeline has been slightly sluggish, so what is the kind of competitive intensity that we are [Inaudible 47:02] 18% lower than you, but as a general trend over the last 6 odd months and let us say prior to the second wave how was the competitive intensity?

Shobhit Uppal: Parvez I had mentioned in my last call I had expected the competitive intensity to be high, but now it will taper I think things will start normalizing because almost every contractor is reeling from the price increase. Though, most of the contracts are covered, government contracts are covered by price escalation clause, but in the short term it has impacted contractors whose balance sheet, whose borrowings were high. So, I think they would have learned their lessons. Going forward may be in the second part of this financial year I think the competitive intensity would not be as much.

Parvez Akhtar Qazi: Just had a couple of book keeping question what was the overall debt at the end of FY21?

Shobhit Uppal: I think the debt is about 14 crores.

Parvez Akhtar Qazi: Satbeer sir if it is not too much of hassle can you please repeat the segment wise breakup of the order book?

Satbeer Singh: That is commercial 4.92%, hospital 51.58%, infra 12.75%, institutional 15.27%, residential 14.48%.

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

Parikshit Kandpal: 325 crores of cash on the books so is it largely explained by high level of mobilization advances which we have availed during this year just to keep the liquidity work on our side?

Shobhit Uppal: Parikshit just repeat the question please.

Parikshit Kandpal: 325 crores of cash which we have on the books?

Shobhit Uppal: Yes that is largely on account of mobilization advance.

Parikshit Kandpal: So this year how much was the incremental mobilization advance you would have availed versus last year?

Satbeer Singh: Last year mobilization advance outstanding about 207 crores and now 322 crores, but we have to check how much mobilization advance have we taken this year.

Parikshit Kandpal: So 207 was last year closing and now you said 300 sir second question was sir on the real estate side we are seeing very good recovery in residential which was there till the second wave hit us and even if I listen to commentary of most of the organized real estate, private real estate developers based on very confident on the second half FY22 and this COVID has also resulted in a large part of market share shifting just from Bangalore market alone top 4, 5 developers market share has increased from 20% to almost 50% when the market shrunk about 35% from 50 million to 35 million square feet and these are like strong balance sheet developers we can pay developers like you on time, who can give you good project, good contracts, so somewhere in the near future do you really think that we can come back and start looking at private sector especially the Tier 1 developers as a potential part of order book and growth so if you can comment something on that?

Shobhit Uppal: Yes if I take you back a couple of years I told you that in the long term we would like to maintain a 50-50 order book, but in the short term we continue to be risk averse and vary of residential projects on the private sector side. In the long term in the past it has been our bread and butter and we will eventually after evaluating this from the players and when the market has stabilized we will obviously be working on the private residential projects also. Yes we are doing that in a handful of projects, the projects in Pune that we are doing 50% of that project is residential as you know.

Parikshit Kandpal: But that long term is now not that long term I mean as it may be like may be another year or like how far do you see that you will be in a position to come back?

Shobhit Uppal: There is a lot of uncertainty as things stand in the next one year at least residential projects on the private sector side do not interest us.

Moderator: Thank you. Ladies and gentlemen we will take the last question from the line of Mohit Kumar from Dam Capital. Please go ahead.

Mohit Kumar: So, one clarification the kind of order we bid for in the government side be the state or central all are covered by escalation clauses right?

Shobhit Uppal: Yes.

Mohit Kumar: There is no fixed price contract on the government side am I right in saying that in general?

Shobhit Uppal: NBCC used to have fixed price contracts, but on larger contracts now they have also exceeded to the demands of the construction companies I will put in and has started putting in escalation clauses.

Moderator: Thank you very much. I will now hand the conference over to Mr. Varun Ginodia for closing comments.

Varun Ginodia: Thank you Nirav and thank you so much sir for patiently answering all the questions and I hope everyone does keep in good health during such times sir any closing remarks I hand over the call to you for that.

Shobhit Uppal: Thank you Varun. Thank you everybody for joining in and listening to us. If there are any further questions please feel free to mail them to us we will respond and see you soon. Hopefully with a good set of numbers again after a couple of months. Thank you so much. Bye.

Satbeer Singh: Thank you everybody. Thank you so much. Thank you Varun.

Moderator: Thank you very much. On behalf of Ambit Capital Private Limited that concludes this conference. Thank you for joining us you may now disconnect your lines. Thank you.