



“Ahluwalia Contracts (India) Limited's 3QFY2022 Earnings
Conference Call”

February 15, 2022



MANAGEMENT:

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(INDIA) LIMITED**

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Moderator: Ladies and gentlemen, good day and welcome to Ahluwalia Contracts (India) Limited 3QFY22 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to the management of Ahluwalia Contracts (India) Limited. Thank you and over to you all.

Shobhit Uppal: Good Afternoon. This is Shobhit Uppal. Thank you all for joining us. We have announced our financial results for 3QFY22. During 3QFY22, the company has achieved a turnover of Rs.683.50 crores and a PAT of Rs.42.33 crores in comparison to a turnover of Rs.536.13 crores and a PAT of Rs.14.72 crores in 3QFY21. EPS of the company for 3QFY22 is Rs.6.32 as compared to Rs.2.20 in 3QFY21. During the 3QFY22, the company's EBITDA margin is 10.89% as compared to 6.80%. PAT margin of 6.19% as compared to 2.75% in the corresponding period of last financial year.

During the nine months ended on 31st December '21, the company has achieved a turnover of Rs.1,961.60 crores and a PAT of Rs.112.91 crores in comparison to a turnover of Rs.1,220.49 crores, and a PAT of Rs.40.17 crores in the nine months ended on 31st December '20. EPS of the company for nine months ended on 31st December '21 is Rs.16.85 as compared to Rs.6 in the corresponding nine months of the last financial year. During nine months ended on 31st December '21, the company's EBITDA margin is 10.75% as compared to 8.46%. PAT margin is 5.76% as compared to 3.29% in the corresponding nine months of the last financial year.

Net order book of the company as on 31st December 2021 stood at Rs.6,662 crores, to be executed in the next two to two and a half years. Total order inflow during nine months ended on 31st December '21 is Rs.1,267 crores. Thank you. Those are our opening remarks. We are open for questions now.

Moderator: Ladies and gentlemen, we will now begin with the question-and-answer session. First question is from the line of the Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: I think the last three, four quarters have been really strong for us in terms of execution. So just wanted to basically ask two questions. In this quarter, we did a top line of almost the same as the last quarter. Generally, second quarter is impacted by monsoon. While we did very well this quarter in terms of a 28% YoY growth, was there some impact of monsoons or some other external factors because of which the execution was maybe a little lower than what maybe you're also expecting and could that also spill over to the next quarter?



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- Shobhit Uppal:** Look, our execution or our output is on lines with what we had projected. So we're not disappointed. Yes, NGC ban affected the working in and around NCR for about a month or so. But that now is an annual feature and we had expected that. Though projects continued, but third wave did affect the supply chain.
- Vibhor Singhal:** Since you have touched upon the third wave impact in the supply chain, so, have we seen an impact in the first 45 days on execution in Q4 or do you think it should be again a good strong quarter for us?
- Shobhit Uppal:** The quarter would be strong, but yes, as I said, the headwinds are there. While the work has continued and things are improving, but the supply chain is affected as can be seen from the volatility in the prices of the raw materials.
- Vibhor Singhal:** Sir, our margins also were quite stable at around 10% despite as you mentioned about a very sharp jump in all the cost of raw material prices. Do you believe we should be able to take the margin back to our historical levels of around 12%, 13% In the next couple of quarters or do you think it's some time before we reach those levels?
- Shobhit Uppal:** I had mentioned in the last call three months ago that in the coming financial year, we are expecting to take it back to those levels.
- Vibhor Singhal:** So next year, we should probably expect in a similar kind of range as we had been doing earlier?
- Shobhit Uppal:** Yes.
- Vibhor Singhal:** Last question on the order book. Our order book while quite strong at around 6,600 crores as you mentioned, but I think the order inflow this year has been around Rs.1,200 crores, significantly lower than what we have come to expect from you given the very strong ordering for FY21. So anything that you would want to maybe call out on that part, is there more competition or are you expecting some lumpy orders to come in the next few months?
- Shobhit Uppal:** So this is also if I may say by design. I had mentioned, again, I'm repeating in the last call, and my various interactions with all of you or some of your colleagues, that there has been intense competition. While we continue to bid, but we are not throwing caution to the winds, we deliberately are being conservative. Since we are well stocked in terms of our order book, we are deliberately being cautious and we are not bidding indiscriminately.
- Moderator:** The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.



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Ashish Shah: First thing is, can you just talk a little bit about the overall working capital situation in terms of number of days where it stands and historical some pockets of problem like West Bengal, Bihar, etc., how are they at this moment?

Shobhit Uppal: So I'll answer your second question first. The historical problematic projects so to say they are no longer problematic, Auditorium and Milon Mela in West Bengal primarily are the projects with the state government, they are well underway and nearing completion. The auditorium will be completed in September, and the state government is now releasing funds for that. The Milon Mela is slated for inauguration in March or first week of April. As far as Bihar is concerned, our two hospital projects are now moving successfully and we are looking at a targeted completion by end of this year. The large project, Rs.890 crores, Veterinary College and Animal Husbandry project that we had said last time also is awaiting environmental clearance and was projected to begin in April and that is still so, the first meeting of the environmental committee has happened, and in the second meeting the clearance is expected to be granted. As far as the working capital cycle is concerned, Satbeer will take that question.

Satbeer Singh: Working capital cycle is 89 days.

Ashish Shah: And our gross debt will be zero, right or almost negligible?

Satbeer Singh: Yes.

Ashish Shah: And the cash position?

Satbeer Singh: Cash position is Rs.172 crores.

Ashish Shah: Mobilization advances?

Satbeer Singh: Rs.270 crores.

Ashish Shah: Lastly, what is the status of the Sion Hospital which we got and the Tata Hospital as well, when are we likely to commence work in those projects, what is the overall position?

Shobhit Uppal: Tata Hospital, it's gone for approval to the central ministry. The board of Bhabha Atomic Research and Energy Centre have recommended it. As far as the Sion Hospital is concerned, the construction is underway.

Ashish Shah: How much is done approximately... did we start in Q3?

Shobhit Uppal: Yes, we started in Q3, at the moment about 10% is done.



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- Moderator:** The next question is from the line of Parvez Akhtar Kazi from Edelweiss Securities. Please go ahead.
- Parvez A Kazi:** First, with respect to third wave, obviously, there is going to be some impact as you already highlighted. So, based on whatever has happened till now, do we expect that we will be able to match at least Q3 execution and Q4 or it can be lower than what we have done in Q3?
- Shobhit Uppal:** We should be able to cross a turnover of Rs.2,500 crores, if that answers your question.
- Parvez A Kazi:** Sure. With regards to FY23, what is the kind of growth that we are now targeting?
- Shobhit Uppal:** 20%.
- Parvez A Kazi:** Also, with respect to bidding intensity, you have been highlighting for the past couple of quarters that it has been high. So, has there been any change in bidding or it continues to be intensive and in light of that, what is the intake that you could see going forward?
- Shobhit Uppal:** We are targeting an order inflow in the next financial year of about 2,000 to 2,500 crores. As I mentioned last time, the intensity continues to be high and will continue to be high at least till the first half of the next financial year, but what we are seeing is that the projects of larger magnitude, the number is increasing, right, we are bidding for two projects, the tenders are underway, which are in excess of Rs.1,500 crores and then we are bidding for about five to six projects which are between Rs.500 to Rs.800 crores. So, such orders now are increasing, if you understand what I'm saying, right. So, competition in such orders is expected to be lesser.
- Moderator:** We'd move on to the next question that is from the line of Rajat from ithub. Please go ahead.
- Rajat:** Sir, just wanted to understand, are we facing any issues when it comes to payments from the government or otherwise private clients?
- Shobhit Uppal:** As you know, nearly 85% of our order book is with the government, and out of that nearly 50% is healthcare. So on those projects, we are not facing any problem. As far as the private sector is concerned, most of our clients with whom we've had a long relationship. So there also there are no major problems.
- Rajat:** So basically no payment issues so far we are facing?
- Shobhit Uppal:** At the moment, no.



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- Rajat:** On the raw material side, what percentage of the total order book do we have as fixed price order book right now?
- Shobhit Uppal:** I think about 15% of order book is fixed price.
- Rajat:** So, just to understand the impact of rising material cost and on which everybody is facing the heat. So, are we also facing the heat only in that part of the order book, how is it?
- Shobhit Uppal:** No, in that part of the order book, definitely we are facing the impact. In some of the other order book also, while cement and steel price escalation is governed by indices for cement and steel. So, that over the long term kind of balances out, but, the other escalations are covered by WPI, which we are finding the increase is not commensurate with the increase in the prices of those raw materials like aluminum, copper, so on and so forth. So, there, yes, in the short term we are expecting to trigger it.
- Rajat:** What led to the decline in other operating expenditure in Q3?
- Satbeer Singh:** We have made a provision of CSR payments, that is around Rs.6 crores. and because of that, the excess amount is Rs.3.5 crores, that has been reversed in this quarter.
- Shobhit Uppal:** We utilized funds in excess of what we were required to do that we have written back.
- Rajat:** How is the order pipeline for the hospital side at the moment?
- Shobhit Uppal:** At the moment, our order pipeline is about Rs.2,500 crores, the hospitals are about Rs.1,000 crores.
- Rajat:** Sir, are we seeing any traction in the private side now?
- Shobhit Uppal:** As an industry, yes, but we continue to be varying. But on the private side, for industrial construction, we are seeing green shoots, and that is something that we will be focused on going forward.
- Moderator:** The next question is from the Shravan Shah from Dolat Capital Markets. Please go ahead.
- Shravan Shah:** Sir, coming to the revenue front, you said in excess of 2,500 crores for FY22. So if I do the math, then it comes only Rs.538 crores for fourth quarter which is a significant lower than the last time Rs.761 crores and this quarter Rs.683 crores. So just trying to further understand how much can we see, flattish or decline or some growth in the fourth quarter YoY?



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- Shobhit Uppal:** No, Rs.2,500 crores is the projection that I'd given last time. So, it will be well in excess of that.
- Shravan Shah:** Next year you said it would be a 20% growth we are looking at?
- Shobhit Uppal:** Yes.
- Shravan Shah:** And whatever the pressure you said on the input cost, despite that we can see 12% kind of EBITDA margin next year?
- Shobhit Uppal:** Yes, because in the large projects that we are doing, we have already bunked in the orders where the prices have been exceptionally volatile or huge. Further orders that we are expecting to get should cover. The prices should also stabilize. Even if the increase is there, the price increase would not be as volatile as it has been in this year. So, we are expecting, yes, that we will get back to 12% margins.
- Shravan Shah:** On the order inflow, so, are we L1 in any of the orders and how much we can add in next one and a half months?
- Shobhit Uppal:** We are L1 in one order which is this Tata for Rs.715 crores, this should come before the year closes.
- Shravan Shah:** Nothing other than that, we have bidded where we can see some inflow come before March end?
- Shobhit Uppal:** We have bidded for three other large projects which aggregate about 2,000 crores, but it's difficult to say as of now whether they will be awarded before the close of the financial year.
- Shravan Shah:** And these three projects will be in NCR in hospital segment?
- Shobhit Uppal:** One is residential, one is commercial and one in Jaipur is hospital.
- Shravan Shah:** I need a couple of data points particularly order book breakup of segment, region, government and private?
- Satbeer Singh:** Sector wise, government is 85% and private is 15% Segment wise, commercial 4.83%, hospital 44%, infrastructure 12.6%, institutional 20.44%, residential 17.43% and hotel 1.03%.
- Shravan Shah:** And in terms of the balance sheet mobilization advance, you say Rs.270 crores, how much is redemption and unbilled revenue?



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- Shobhit Uppal:** Redemption is 196 crores, total debtors besides retention is 490 crores, total 680 crores, inventory is 251 crores, unbilled is 327 crores.
- Shravan Shah:** And then how much is payable?
- Satbeer Singh:** Rs.634 crores.
- Shravan Shah:** And CAPEX how much we have done in nine months and how much left for the fourth quarter?
- Satbeer Singh:** Rs.19.70 crores spent in nine months.
- Shobhit Uppal:** Rs.4.56 crores has been spent out of Rs.19 crores in the third quarter and in the fourth quarter it is likely to be about Rs.2 crores.
- Shravan Shah:** So, even in the next year also, the CAPEX range will remain Rs.30, 50 crores?
- Shobhit Uppal:** No, it should be about same. We are looking at about Rs.21, 22 crores this year.
- Shravan Shah:** The working capital days as you mentioned that now in terms of the payment from the West Bengal, no issues as such, so, can we see some improvement in the working capital days by March end?
- Shobhit Uppal:** Not by March end, but in the next financial year definitely. I think with the pandemic behind us, the working normalcy should start happening as far as the finances of various state governments is concerned.
- Shravan Shah:** You also mentioned about some big tenders. So, apart from 2,000 crores that you said you bid and then Rs.2,500 crores is the bid pipeline, so apart from that, anything that you want to highlight in terms of the order that we can look at in next six months, nine months?
- Shobhit Uppal:** I don't want to go for obvious reasons, do not want to go into specific detail. I've already given you broad numbers and the scale of the jobs that we are interested in bidding for.
- Moderator:** The next question is from the line of Parikshit Khandpal from HDFC Securities. Please go ahead.
- Parikshit Khandpal:** My first question is what is the total order inflows for financial year to date and what is the total order backlog?
- Shobhit Uppal:** So, the net order backlog is Rs.6,662 crores and order inflow till date is Rs.12,167 crores in this financial year.



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Parikshit Khandpal: Another Rs.700 crores from Tata will come and you close the year at about Rs.2,000 crores inflow?

Shobhit Uppal: Yes.

Parikshit Khandpal: Now we are in a very high base upwards of 2,500 crores and next year we are projecting 20% growth. So, historically, we've been taking 2,000, 2,500 crores orders. So, from the growth perspective, we need to ramp up these inflows, otherwise not able to grow at 10%, 15%. Any views there for the years ahead, can the order inflows be much higher than that 2,500 crores number you are guiding?

Shobhit Uppal: With our track record and what we project and what we plan, we always aim to replenish what the kind of revenue or top line we achieve. That quantum we should replenish, right. So, this year we should close at about 2,000 crores. We've deliberately been conservative. As I said, keeping the competitive intensity in mind, we didn't want to be indiscriminate and we were well stocked up. So, next year as I said in one of the earlier comments in this call that we are targeting about Rs.2,000-2,500 crores. And then hopefully in the following two years, it should go up significantly; it should cross 3,000 crores.

Parikshit Khandpal: Satbeer, if you can give a breakup of the order book region wise, north, south, east and west?

Satbeer Singh: East 43.69%, north 37.25%, west 18.32% and south 0.75%.

Parikshit Khandpal: Again, Mr. Shobhit, my question was on south. Earlier in the call you did touch about that there are three projects, so, you're looking at two residential projects, apparently in NCR. So...

Shobhit Uppal: One is a residential project. One is a commercial project and one is a hospital in Jaipur.

Parikshit Khandpal: So from my viewpoint, the south market continues to be the best performing residential market. So we have negligible presence. Everyone is talking about real estate upcycle and there are tier-1 developers gaining market share. So again, my question here is, are we looking to increase our exposure in the south market, are we increasing our business development activity, bidding activity there, because you are an old player in this segment, and there is really lack of quality players in the building segment of your size and execution capability with a strong balance sheet, so, any reworking, any rethoughts on bidding on the private real estate in south?

Shobhit Uppal: Two parts to your question. One part whether we have revived or we are increasing our business development activities in the southern part of the country. Yes, we are. A month ago, we bid for the AIIMS Bibinagar project in Hyderabad, we were not L1, but that tender has since been cancelled and we are going to bid again aggressively. But the second part of your question,



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whether we are going to be focused on targeting private real estate developers in the southern part of the country, in the short term of the next six months, no. We want this, this part of the private sector to stabilize further, we want to bide our time and then decide who we will work with as far as the private real estate developers are concerned. This is purely based on our experience and experience of our contemporaries with developers in the past five, seven years. So, we are being cautious.

Parikshit Khandpal: Basically, government BD will continue and you will try to ramp it up as and when the orders come in, private, you will wait and watch till things stabilize?

Shobhit Uppal: Yes.

Parikshit Khandpal: On the margin, you said next year we'll touch about 12%. So, that would be something like a peak margin for us or still you believe there is some more headroom that we can go between 12% to 13% given the current state of commodity prices, so, can you give some color there?

Shobhit Uppal: Look, next year it will be about 12%. I think the peak margins if memory serves me right, we had crossed 13% at one point in time. Ultimately, yes, the aspiration is to get there. But next year, let me say with the projection that I have given earlier.

Parikshit Khandpal: On the bus terminal project, any thoughts on monetizing it or continue with that?

Shobhit Uppal: We will be continuing. The market scenario being what it is due to the pandemic. Yes, ultimately, we would want to monetize it, but the response has not been up to our expectations. So Yes, I think in the short term, we will continue the way we are. But let me tell you during December, especially at the time between Christmas and New Year, that mall hit the highest footfalls that it has ever seen. So things are improving and that's why maybe the monetization bid may happen in the next year to two years.

Parikshit Khandpal: We had some residential inventory, which you have taken over. Payments plus we have some raw land bank lying you mentioned in part and some other places. So, any thoughts if you can quantify what is the total residential inventory lying with us and any thoughts of monetization of residential inventory and the land bank which we have?

Shobhit Uppal: Residential inventory is Rs.38.9 crores. We are looking to dispose this off.

Parikshit Khandpal: Any disposal in this third quarter?

Shobhit Uppal: In this quarter, there has been no disposal.



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- Parikshit Khandpal:** What about the land bank which we have like raw land?
- Shobhit Uppal:** There is one raw land, large chunk of land which we have in Kolkata. We are looking to get the land use change and then monetize it, either we will develop it or if we get a good price, our first priority would be to dispose it off. But that has now become a very prime chunk of land, because we have metro development, station is already there now and there's a mall next to it. So it's actually in the heart of the city now.
- Parikshit Khandpal:** Which location and how many acres?
- Shobhit Uppal:** This is totally about 4.7 acres, and it is near the Highland Mall, it's on the eastern metropolitan bypass.
- Parikshit Khandpal:** What is the market value?
- Shobhit Uppal:** Frankly speaking, at the moment, I would not be able to answer the value to that.
- Parikshit Khandpal:** What kind of development you look at because you may be changing and develop it. So is it commercial...
- Shobhit Uppal:** It would be primarily a residential development if at all we go that route.
- Parikshit Khandpal:** Is it like we're trying to now get into real estate or just....?
- Shobhit Uppal:** Not at all, we are not trying to get into real estate, howsoever we can best leverage this piece of land, we will do it and get returns on that.
- Parikshit Khandpal:** We have one-off case or one-off project?
- Shobhit Uppal:** We have no intentions of becoming a developer.
- Moderator:** The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** I just want to understand on the central missed opportunity. So going forward, what kind of opportunity we see and where are we qualified to bid for this project and what is the timeline where you can expect the awarding to happen?
- Shobhit Uppal:** So, look, there is one tender which has come out of the Central Vista, of which pre-qualification has been done. There are four companies qualified which is Larsen and Toubro, Tata Projects, Nagarjuna and Ahluwalia Contracts. This tender is due for bidding in the last week of March.



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We will definitely bid, but again, seeing how aggressively the likes of L&T and Tata bid and our experience with the first project which we successfully handed over, margins were muted for obvious reasons, so, I don't know, we will not bid aggressively. So, that is the next Central Vista project. After this, I think the next project will come out in about five to six months' time.

Jiten Rushi: So basically, part of the central business is the project which you have bid for?

Shobhit Uppal: This is the Executive Enclave which will house the prime minister's office and residence.

Jiten Rushi: I also want some closing order backlog for a few projects. For this Bihar project, the Chapra and Nalanda, what is the outstanding order backlog?

Satbeer Singh: Chapra remaining worth is Rs.226 crores against total order book of Rs. 455 crores. Nalanda is Rs.172 crores against total order book of Rs.383 crores. Jammu AIIMS is Rs.1,017 crores against Rs.1,252 crores. Hamirpur Rs.243 crores against Rs.323 crores. Sion is Rs.519 crores against Rs.533 crores. MMRDA project is Rs.474 crores against Rs.530 crores. Z1 is Rs.298 crores against Rs.309 crores.

Jiten Rushi: Any other large project which is missing because the problem is we don't have the order backlog figures for last couple of quarters, three quarters where the presentations were not available.

Shobhit Uppal: We will make the presentations available to you now. If you could reach out to Satbeer and then we will have a dedicated IR contact person alongside Satbeer who will now start interacting with all of you again.

Jiten Rushi: So this animal husbandry is still the same only, there is no change in that project?

Shobhit Uppal: Yes.

Jiten Rushi: The other two projects which you had received the Infosys campus project and the Kolkata New Town?

Shobhit Uppal: Infosys is underway. In fact, they're increasing their area of it. Let me just also clarify on the Z1 project. Their approvals were stalled, but last month, their approvals came. So now that project has also started with full intensity.

Jiten Rushi: What would be the Infosys size because I know it's a very small, Rs.58, 59 crores project?

Shobhit Uppal: Order value now would be about I think Rs.65 crores.



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Jiten Rushi: Kolkata affordable housing project which you had received Rs.220 crores. What is the status out there?

Shobhit Uppal: The notice to proceed we have received 15 days ago, because they did not have airport clearance from AAI because that is in Rajarhat, it was in that funnel. So that also they got 15 days ago, and that project has now started... we have broken ground.

Jiten Rushi: That is Rs.229 crores?

Shobhit Uppal: Yes.

Jiten Rushi: As you said, the collection efficiency has improved, but working capital is expected to remain high. So, how are we trying to bring down the collection efficiency, what kind of measures we have taken to improve and bring down the working capital going forward, which you said by '23 likely to happen or just a normal course of business?

Shobhit Uppal: Look, we've tightened our belt. We started these two years ago when the pandemic hit. So we're going to continue with the same. It's not that we are going to become lack. And as I said, 45% of our order book is healthcare and government. So, the client, there seems to be no paucity of funds. So, all we have to do is execute efficiently and the funding will happen because the central government as well as the state government, where we are doing these projects, they are extremely keen for political reasons as well as for obvious reasons because pandemic and whatever has transpired in the last two years, they want these projects to be up and running.

Jiten Rushi: We can see collection will improve now as the project has kick started?

Shobhit Uppal: Yes. What has happened in Bihar and Bengal, as I said, the governments are coming out of it because the pandemic is waning, the state government had directed the treasury to focus the funding on corona fighting measure, that is behind us. We know it for a fact now. As I said for the auditorium project, Milon Mela project, the last month we've seen the money started rolling in. So the focus of the governments here has now shifted back to other development activities.

Jiten Rushi: Can we assume that you can win more projects from NBCC going forward or in West Bengal as things have improved now. Any thought on that I want to know like because you're doing a lot of NBCC projects in the past also?

Shobhit Uppal: So yes, we were doing and over the last eight to nine months, we had deliberately stopped bidding aggressively for NBCC projects. Now, the residential project that I mentioned, or even NBCC project, it's a large project, yes, Sarojini Nagar. We were in talk with NBCC top management. We wanted certain changes in in the commercial conditions. They have been kind



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enough to accommodate us. It was not only us, other large bidders also wanted changes. Yes. So we going forward are going to bid for NBCC jobs. As far as Bengal is concerned, I don't think there are any large NBCC projects coming there. But we see renewed activity from the state government for healthcare projects and other institutional projects there.

Jiten Rushi:

So basically Jaipur is AIIMS project?

Shobhit Uppal:

No, it's a Sawai Man Singh Hospital, it's a government hospital, the state PWD has called the tenders and there have been four bids.

Jiten Rushi:

And this one commercial project, which you said is also a government project?

Shobhit Uppal:

Semi-government project. I will tell you, it's the India Expo Mart, which we had constructed, it's in Greater Noida, where it's a convention center and an Expo Mart, which we had built many, many years ago, they are coming up with an expansion. So there are three large ones to my knowledge which have been received; Nagarjuna, Shapoorji and us. We don't know the status of that bid, because in all probabilities, they will open it privately.

Jiten Rushi:

But this will be like more of a competitive intensity and that challenge will remain?

Shobhit Uppal:

That challenge will remain. We have seen also now at least in the top four, five companies, there seems to be greater discipline.

Moderator:

We'll move on to the next question that is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana:

Most of my questions have already been answered, just clarifications mostly from my side. To begin with, when you spoke about Calcutta, I think you said you could also look at development on this land parcel. if you could clarify, when you say you are planning to do a development, would you like to do it on your own or you could also consider a JD so that your scope is only to the extent of providing the land and the marketing or the other stuff, that is kind of required to have real estate projects up, would be with the partner because they would be more kind of akin to the way real estate operates?

Shobhit Uppal:

All the options are open. As I said, whatever model gives maximum returns to us, we will follow that. Our first preference would still be to dispose of the land and get the money back into our balance sheet. But it all depends on the kind of returns whichever model gives us the most. We are open for tying up with a local developer. We worked with most of them. And the last option can still be just developing because construction expertise exists, just developing the land and then marketing it ourselves.



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- Prem Khurana:** On this Jammu AIIMS, I think initially we were facing some issues. How's the status now, is it moving good or you still see it could move even better?
- Shobhit Uppal:** Yes, It's picked up speed, but starting March, we expect it to pick up further speed.
- Prem Khurana:** Any comment on the monthly billing run rate you're expecting, what is it now and where do you see go let's say in FY'23 at AIIMS?
- Shobhit Uppal:** So we are doing a billing of about Rs.30 crores and we expect it to be ramped up in the next financial year to about Rs.45 crores to Rs.50 crores.
- Prem Khurana:** Just clarification, I think you said cash balance is around Rs.170-odd crores, but when I look at our balance sheet for Q2 or September end, cash and bank together was almost around Rs.345 crores. So, how do we explain this drop or is it only the cash number that you have given is the bank balances, right?
- Satbeer Singh:** Cash and bank balances is Rs.172 crores as on 31st December.
- Prem Khurana:** This is only cash, right, because when I look at the first half balance sheet, cash and bank balance put together was almost around Rs.345 crores. So I'm not sure because when we gave working capital number, working capital number has kind of contracted from 92-odd days to 89-days. So, essentially, there should have been some improvement, but the cash number seems to be lower than what you had given last time from Rs.345 crores, it seems to have come down to Rs.170 crores. So how do I reconcile this?
- Satbeer Singh:** Cash and bank balance you are asking, Rs.225 crores as of 30th September, that's down to Rs.172 crores, but basically on bank balances, another schedule is that Rs.123 crores as on 30th September, but now it's Rs.192 crores. If you work out that would be an increase of around Rs.30 crores.
- Moderator:** The next question is in the line of Rohit Balakrishnan from ithought PMS. Please go ahead.
- Rohit Balakrishnan:** On the question of order flow, you alluded to the fact that next year onwards, you will conservatively at least backfill your execution. So, I just wanted to understand in the past concall you mentioned there is a fair bit of competition and you're sort of not being aggressive. So, what do you think from the next year onwards probably you will increase your order inflow, is there anything that you see from the competitive positioning or what are you comfortable to sort of bid more and increase your pipeline?



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- Shobhit Uppal:** So, two things. One of the things I mentioned that the size of the tenders come in, we are seeing an increase, right, which means that in some of the larger scale jobs, we expect the competitive intensity to be lesser because as I mentioned would be amongst the top four, five six companies who have now started bidding in a more disciplined fashion. So, that is one. Second, what we are also seeing is that the mid-level players who have bid indiscriminately, they have burned their fingers especially with the volatility in the commodity prices. So, we expect even in that segment more discipline to be there. That is why we had kind of been very conservative in the last six months of this financial year. Going forward, even with this conservative approach, we are slated to end the year with about 2,000 crores of new orders. So, next year we are targeting about Rs.2,500 crores. So we feel that should be achieved and the margins will be better.
- Moderator:** We will move on to the next question, that is from the line of Parvez Akhtar Kazi from Edelweiss Securities. Please go ahead.
- Parvez A Kazi:** Just wanted two data points from Satbeer sir. One is what would be our average cost of borrowings currently? And second is what would be our gross debt level?
- Satbeer Singh:** Cost of borrowing is 7.1% approximately, and debt is 20.32 crores.
- Moderator:** We'll move on to the next question that is from the line of Meet Parikh from Anand Rathi. Please go ahead.
- Meet Parikh:** So in the mobilization advance, how much is interest bearing?
- Shobhit Uppal:** Satbeer will get back to you with the accurate figure, but most of it is interest bearing.
- Meet Parikh:** How much more mobilization advance is expected?
- Shobhit Uppal:** We are not looking to utilize the full quota of mobilization advance that we can avail. So, as far as the Bihar project is concerned, which is about to begin, at the most, we will take about 5% of the advance, though the tender provides for 10%. And in the long run, the management is actively working to operate projects from internal accruals. It is only during the pandemic we started taking advances again, but we expect that in two years from now, if all things remain normal, we would not be dependent on mobilization advance from clients.
- Moderator:** As there are no further questions, I now hand the conference over to the management for the closing comments.
- Shobhit Uppal:** Yes, thank you so much, everybody for joining in. So if there are any follow up questions, please feel free to reach out to Satbeer and our IR cell will answer those questions. We hope to talk to



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you again soon when our financial results for the entire year are released in about two months' time. Thank you so much.

Moderator:

Ladies and gentlemen, on behalf of Ambit Capital Private Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines.