

"Ahluwalia Contracts (India) Limited Q3 FY16 Earnings Conference Call"

February 15, 2016







MANAGEMENT: Mr. SHOBHIT UPPAL - DEPUTY MANAGING DIRECTOR,

AHLUWALIA CONTRACTS (INDIA) LIMITED

MR. SATBEER SINGH - CHIEF FINANCIAL OFFICER,

AHLUWALIA CONTRACTS (INDIA) LIMITED

MR. ROHIT PATNI – DY. MANAGER - INVESTOR

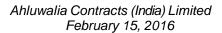
RELATIONS, AHLUWALIA CONTRACTS (INDIA) LIMITED

MODERATOR: Mr. Amber Singhania - Research Analyst - Asian

MARKET SECURITIES LIMITED

MR. MITESH NANDLASKAR - RESEARCH ASSOCIATE -

ASIAN MARKET SECURITIES LIMITED





Moderator:

Ladies and Gentlemen, Good Day and Welcome to the Ahluwalia Contracts Q3FY16Earnings Conference Call hosted by Asian Market Securities Limited. As a remainder, for the duration of this conference all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 Mr. Amber Singhania from Asian Market Securities Limited. Thank you and over to you, sir.

Amber Singhania:

Thank you, Ali. Good afternoon, everyone, one behalf of Asian Market, I welcome you all to the 3Q FY16 earnings conference call of Ahluwalia Contracts Limited. We have with us today Mr. Shobhit Uppal - Deputy Managing Director; Mr. Rohit Patni - Investor Relations Dy.Manager representing the company. I now request Mr. Uppal, to take us through the quarterly results and the overall business outlook and then we can start with the question-and-answer session. Over to you, sir.

Shobhit Uppal:

Thank you, Amber. Good afternoon, everybody. I am Shobhit Uppal. Ahluwalia Contracts has declared the third quarter results of FY16 on Friday.

During the third quarter the company's revenue is 319.95 crores as compared to 67.16 crores in the last corresponding of FY15. Net profit is 19.84 crores as compared to 13.57 crores of the corresponding quarter last year.

During the first nine months, company's revenue is 865.89 crores as compared to 745.49 crores in the nine months of the last financial year. Net profit comparison is obviously these nine months it is 57.71 crores as compared to 46.71 crores of last year. Company's EPS for this quarter is 2.96 as compared to 2.12 for the last year's same quarter. Company's EPS for nine months is at 8.61 as compare to 7.39. The company has secured new orders were 1,334 crores in FY16. Net order book of the company as on date stands at 38.25 crores.

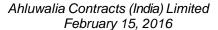
Thank you. We are ready to take questions, I have Rohit Patni and the Company's CFO - Satbeer Singh with me.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Nitin Arora from Emkay Global. Please go ahead.

Nitin Arora:

Sir, basically just wanted to understand that what sort of exit run rate we are looking for Q4 now as a whole and also for FY17 because order books seems to be strong and plus can you





also guide us that are the tenders or the bids you are seeing in the near future? Because it seems like that NBCC has still not picked-up with respect to awarding, so if you can get a little sense on that?

Shobhit Uppal:

Okay, Nitin, as far as our projections are concerned for the last quarter of this financial year in all my interactions with all of you I have always maintained that we will grow at about 15% to 20% and that is what we have grown at. If you see quarter-to-quarter, we have grown at about 20%. We will maintain this run rate in the last quarter also and we will end up with a top-line of anywhere between 1,250 crores to 1,300 crores. As far as FY17 is concerned again we have been targeting similar kind of growth we should end up at about 1,700 crores in FY17. As regards, the order pipeline or the new orders we have orders worth about 2,000 crores which are under bidding as things stand today. And in the year to come yes, NBCC would again be a focus area for us because all the major orders that NBCC has won or tied-up with various government department we have yet not come out for tendering and we expect that this process will being in the next six months or so.

Nitin Arora:

Sir, can you give us a sense on two things, one the kind of slow moving orders how much it is still left in your order book at this point and giving the run rate of the EBITDA margins have been very strong in the last three quarters to four quarters. It is a similar sort of run rate we should work with even for the next year?

Shobhit Uppal:

Yes, you should because though slow moving orders the value is virtually negligible now it is about 200 crores. Some of these are moving at all and as and when they start moving we expect we are hopeful that we will be able to re-negotiate terms on these orders. So but the private sector continues to remain sluggish while we are seeing a lot of activity or continue to increase the activity on the public sector. And I do not see that for the next six months the private sector picking. So for the moment for our projections we will continue with the same EBITDA margins that we have been kind of achieving in this financial year.

Moderator:

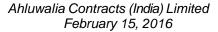
Thank you. We will take the next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah:

Yes, if I take your guidance for the FY16 1,250 crores - 300 crores and also 1,700 crores so, are you confident in terms of the execution will be going forward will be picking for even fourth quarter and FY17 as a whole also?

Shobhit Uppal:

Yes, I am because if you see historically the life cycle of a project or year so to say the fourth quarter is always where the maximum revenue and the top-line is earned so, we are confident of achieving that even if we continue to grow at the pace that we have shown in the first three





quarters we will achieve our desired targets and FY17 also as I said the order book pipeline looks quite rosy.

Shravan Shah:

Yes, because if I take a 1,700 top-line for FY17 then it will be a 30%-35% kind of growth so you are saying 15%-20% so that is what I am asking FY17 will be much better in terms of 30%-35% kind of top-line growth?

Shobhit Uppal:

Yes, as I always maintained in my interaction with all of you is that we would like to add on the site of caution be conservative that why, picking up new orders is not really a problem but we do not want to fall into the same trap, we are doing a due diligence with client and we are only interested in working where the client has money or liquidity is not, we do not foresee liquidity being a problem that is why we are only concentrating in limited geographies in the country.

Shravan Shah:

Okay. And sir, this fixed size contract was the same 200 crores last quarter so nothing has move in that 200 crores or fix price contract?

Shobhit Uppal:

That 20 was a ball park figure I think it has come down by 15 crores - 20 crores that is needed here not there. So yes, as I said a lot of these contracts are contracts which are stagnant or not moving at all. So we are hopeful as and when the private real estate improves you will be able to re-negotiate terms on these contracts.

Shravan Shah:

Okay. Sir, can you give some balancing numbers, gross debt, cash, gross profit CAPEX for the nine months and current asset, current liabilities then it would be great?

Shobhit Uppal:

Yes, Satbeer is going to give it. Satbeer, over to you.

Satbeer Singh:

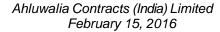
Our total debt is outstanding as right now 31st December is 135 crores and out of this fund base working capital limits are 105 crores and beside that we are availing 30 crores unsecured loans, promoters also that is our basically debt scenario at present and regarding debtors, we will have around debtors are around 400 crores - 500 crores similar to as we are having as on 30th September. now the similar like 500 crores debtors.

Shravan Shah:

Okay. And sir, cash and gross profit and CAPEX?

Satbeer Singh:

CAPEX is we are not looking for any major CAPEX it would be around 15 crores to 20 crores also during this year and also next year also it would remain 15 to 20 till we do not foresee any major CAPEX till the 1,700 crores-1800 crorerevenue. We are not looking for any major CAPEX.





Shravan Shah: And sir, what was the cash balance as on 31st December?

Satbeer Singh: Pardon.

Shravan Shah: What was the cash balance?

Satbeer Singh: That is 75.crores

Shravan Shah: Okay. And sir Shobhit sir, can update about the Kota project?

Shobhit Uppal: Yes, Kota project is now in this last quarter we will launch it in about a month and

half we will launch it.

Moderator: Thank you. We will take the next question from the line of Sagar Parekh from Deep Finance.

Please go ahead.

Sagar Parekh: Yes, sir, my first question is I could not hear properly the cash balance you said is 75 crores?

Shobhit Uppal: Yes.

Sagar Parekh: So net debt is only about 50 crores, I mean...

Management: Cash balance, we also on fix deposit we are against of the bank.

Satbeer Singh: That is a margin we are in against the bank guarantees basically. Major part of the out of the

cash and bank balances also there is ground 5-6crores lying with that also against EMD like so

that is a bigger amount of the cash and bank balances.

Sagar Parekh: Okay, got it. Sir, my next question is on the order inflow, till I think September quarter our

order inflow was about roughly 1,100 crores and nine months as of today I mean as of December is about 1,330, so for Q3 it is only about 230 odd crores - 240 odd crores of

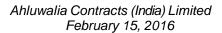
employee, am I right?

Satbeer Singh: Yes, Q3 it is actually about 120 crores.

Sagar Parekh: Okay. And which order was this 120, was it a single order or?

Satbeer Singh: We had two orders than one is hospital in Kolkata and other is a private real estate order from

Mumbai.





Sagar Parekh: Private real estate, okay. And sir in September 2015 our order book was roughly about 4,300

Crores if I am not mistaken now you mentioned that the order book is about 38, so there is have we cancelled any orders because your order inflow in Q3 has been roughly 120 so the math is

not tallying so, could you elaborate on this?

Satbeer Singh: September end of our order book there is a 4,100 Crores approximately May and at the time of

the concall there are also 121 Crores order from new of the received in third quarter they will be added so, about 40 Crores to 50 Crores is that time as on order book then we will be 320

Crores from this quarterif we have a less than then total3,800 Crores.

Sagar Parekh: Okay, fine. So there has not been any order cancelation right?

Satbeer Singh: No.

Sagar Parekh: Right. And sir, on for next year what would be the working capital like will it remain at the

similar levels or?

Satbeer Singh: It will be similar. As I have told you in my interactions earlier also till we hit 1,700 Crores

which was peak which we had retained earlier we really do not need any more CAPEX towards new equipment et cetera, so it is only in FY18 that we would be looking at substantial

CAPEX.

Sagar Parekh: Okay, got it, right. And what would be your L1 as of now?

Shobhit Uppal: There is no L1 as of now.

Sagar Parekh: No, L1, okay, got it. And 2,000 Crores is the order pipeline you mentioned?

Shobhit Uppal: Pipeline, yes.

Sagar Parekh: Okay. And next year what kind of order inflow target are we looking at, this year is about

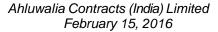
1,600 crores, so Q4 we should achieve that kind of number.

Shobhit Uppal: Yes, we should achieve about 250 crores in Q4 and next year we are looking at about 2,000

crores.

Sagar Parekh: Okay. And are we confident of achieving this 2,000 crores? What will be the broad break-up in

terms of government and private in FY17, are you looking at?





It should be about 75%-25%, 75% government and 25% private and yes, we are confident of

achieving that.

Moderator:

Thank you. We will take the next question from the line of Navin Jain from JM Financial.

Please go ahead.

Navin Jain:

Sir, I wanted to get some sense on the order inflow scenario that you are seeing right now. I feel that the order inflow that we have got so far is fairly not that exciting in the sense that even in the last year we had similar kind of order inflow so are you a little disappointed with the kind of activity that you have seen on the ground in term avoiding activity or this is as per the

expectations?

Shobhit Uppal:

No, it is as per the expectations, as I mentioned earlier Mr. Jain the order are there, they are plenty but it is just that we are being conservative and we do not want to over extend ourselves to a client whereas we foresee that there could be liquidity issues and as I also said earlier today the order pipeline stands at about 2,000 crores. So the bids are going up it is just that we

are being conservative while accepting or bidding?

Navin Jain:

Fair point, so in terms of if you can just throw some light on some of the large orders that sort of available right now the broadly if you can talk about some of the opportunities that are available over the course of next 12 months for the company?

Shobhit Uppal:

Quite a few orders are there in the health care sector primarily government out of our order pipeline about 1,000 crores is of the various hospitals which we have bid for and tenders has not open or are under bidding a lot of them are with this entity called HSCC they are the counter part of NBCC wherein for the ministry of health HSCC is the nodal agency which calls in tender and a lot of work then there are orders in the education sector which you know in the various geographical occasions which are under bidding both in the private sector as well as the government sector then we have seen a pick-up in the commercial front large corporate such as say to name one Bharti Realty we are moving on the commercial front retail as well as office space we see foreign entities like Brookfield also coming in and starting construction the various SEZ that they have picked-up from Unitech. So these are the areas in which we have seen activity.

Navin Jain:

Right. So broadly, speaking I think at least 2,000 crores of order inflow should not be a

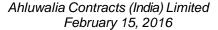
challenge?

Shobhit Uppal:

No, it should not be a challenge.

Navin Jain:

Fairly conservative?





Yes.

Moderator:

Thank you. We will take the next question from the line of Nitin Arorafrom Emkay Global. Please go ahead.

Nitin Arora:

Sir, pressing on the last quarterly outlook which you gave on one subject called low cost housing, we have seen certain states coming out with the a tender and then I think the tender did not come out from specially from Rajasthan or Punjab just want to get a sense from you that how do you are seeing the action on the ground level with the respect to the low cost housing projects has anything moved on that front?

Shobhit Uppal:

Not much, I think they are still the various state governments and the government at the center are still feeing their way on the best way forward of this ambitious program that the PM hassaid had about what more to follow will there be item rate contracts, will be lump sum contracts, will they be in the PPP mode? So yes, you are right not major action no, major action has happened on the ground as far as these business is concerned but I think in other six months or so orders in this area will also kind of start increasing.

Nitin Arora:

Sir, with respect to two more things, one is our interest cost has been declining I understand that the debt has come down but also the can you give us a sense that where we stand in terms of our rating plus how is the bank guarantee fees have come down for us in the last two quarters to three quarters and what is the average cost of borrowing at this point?

Shobhit Uppal:

That is basically, due to reduction in last we have reduced the debt about 80 crores so, that is also and another chaptor is also that the rating has improved BBB to A- and A2+ so now banks have reduced their basically rated plus spread and also they have also reduced VG commission also various bank so and another due to our financial disciplines we have made so, that is why there is a reduction in the financial cost if you are comparing with the last year.

Shobhit Uppal:

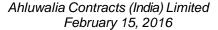
Nitin as Satbeer, mentioned our interest rates have we have been able to convince our bankers to reduce our interest rates because of our enhanced credit rating so our average rate of interest I think has come down by about...

Satbeer Singh:

Yes, it is at about 12% when we spoke last it was in access of, it was about 13.5%.

Nitin Arora:

Sir, just last question from my end we have seen the largest contractor basically L&T has somewhat started under cutting in some of the states with respect to the building orders I do not know about HSCC but they have submitted a lot of bids there recently so, what is your sense I mean because there are four or five players who are bidding much for the building orders at this point which is the momentum the country but HSCC is something where we see





L&T and you largely bidding for the projects then we do not any other contractor, so can you give us a little sense on the competitive site especially with competing the largest contractor here?

Shobhit Uppal:

I think it is similar, the intensity of competition is similar to what it was in the last quarter that means that you know it is near-term much. The number of players remain the same there is L&T there is us and then there may be a JMC or Nagrajuna depending on the geographical location and some location shooparji is also there. So L&T what we I think because their numbers are going down they have actually become little more disciplined that is what we see so they are not bidding frivolous as they use to bid earlier. So I think the intensity of competition is actually improved.

Moderator:

Thank you. We will take the next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah:

Sir, you said that once we cross the 1,700 crores margins, FY17 then we will be looking at the substantial CAPEX so how it will be what kind of number are you looking at in FY18?

Shobhit Uppal:

When I say substantial we may double say as Mr. Satbeer said this year it will be about 15 crores so next year the logic is that we would have utilized our equipment block which we have with us. So may be just a ball park figure the CAPEX may become 150 crores.

Shravan Shah:

Okay. Because I was looking you're the 1,700 crores your peak in FY11 at that time close to six times gross profit turnover was there so still even if we take a number you are giving then also with a current CAPEX of 20 crores - 30 crores still it will be a less than five times gross profit turnover. So that sort of I was asking, do we achieve same kind of six times fixed asset turnover or it will four times - four and half times - five times?

Shobhit Uppal:

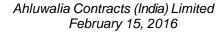
That is something that we need to look as the industry is also evolving and greater efficiencies are coming in and hopefully so year and half two years down the line you know the private sector would have revived and you know delivery would be the key so, we should be in a position to achieve what you are saying six times the gross block.

Shobhit Uppal:

And one thing, in the past we have many projects of small, small size, small ticker size but at least presently every project side will be empty and number of project is less so they are a maximum utilization of our assets so may be a six times or may six point five times or more it is possible.

Shravan Shah:

Okay. And sir, this Kota project in terms of the depreciation will it start from this 4Q or it will from the from FY17?





Shobhit Uppal: FY17.

Moderator: Thank you. We will take the next question from the line of Geeta Tayalramani from Edelweiss.

Please go ahead.

Geeta Tayalramani: I actually wanted to know how much is your escalation contract in your total order book of

your total order book?

Shobhit Uppal: How much is the fixed price contract is that what you are asking?

Geeta Shobhit Uppal: Yes, the break-up of the client material fixed price and the escalation contract.

Management: Fixed price contract is I means rupee of 185 crores.

Geeta Tayalramani: Okay, fixed price is 185. And escalation contracts?

Shobhit Uppal: 2,300 crores.

Geeta Tayalramani: Pardon.

Shobhit Uppal: 2,300 crores.

Geeta Tayalramani: 2,300 crores, okay.

Shobhit Uppal: key issue of material from client.

Geeta Tayalramani: I miss the number, your voice is not clear.

Shobhit Uppal: Yes, approximate 2,300 crores is escalation base rate contract, 185 crores is fixed price

contract, approximate sizing 1350 crores, if a client is from instrument area from cement and

steel.

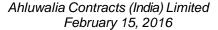
Moderator: Thank you. We will take the next question from the line of Gaurav Sanghvifrom Bajaj Allianz.

Please go ahead.

Gaurav Sanghvi: Just in terms of our guidance which we are giving for 1,700 crores and 1,300 crores just

wanted to understand from risk perspective what are the risks to this guidance or what are the risks currently we are seeing as you mentioned the competitive intensity has come. However,

any particular risk you would like to highlight or situation?





As the risk is that we are now banking heavily on the public sector. In case the government machinery slows down at the state level or at the central level that is the biggest risk but I do not see any chances of that happening. In fact, we foresee that in the next financial year there should be certain reforms GST should go through that would give a fillip to the sentiment as well as the working environment. So I do not see major risk here so because we are doing a due diligence on the client that we are focusing on I mentioned that earlier. Secondly shrunk ourselves geographically we do not want to be in too many areas and expose ourselves to too many risk and we are not really present in states say like UP or Tamil Nadu which are going for elections, so risk I think are controllable.

Gaurav Sanghvi:

Okay. And sir, in terms of if I look at other income for the quarter it has come down Q-on-Q and Y-o-Yes, can you just highlight, if you can just throw some color on that?

Shobhit Uppal:

The first quarter or second quarter, it may be a some of the other income also on some other clients we are receiving the interest. This quarter the interest part is only from bank side not any other client because some of time the old payment will be received with also interest that's the reason the other income will be in second quarter is high because in first quarter it is approximate 3.5 crores were removed, the last payment will be due on a 5 years to 10 years before this interest will be receive, that is only bank earlier interest received.

Gaurav Sanghvi:

Okay. So the interest from the client receivable is also recognized in other income and tax is not there in this quarter because of that the other income is lower right? So what you are saying because we have the other income also constitute a part of interest on the receivable and which is not there in this quarter because of that the other income is lower right?

Satbeer Singh:

No, interest part is not part of the receivable.

Gaurav Sanghvi:

No, I am saying basically the client interest is not booked in this quarter that is what you are saying?

Satbeer Singh:

No, this quarter is not received. In the first quarter we have received 3.5 crores from IGNOU. They had an old payment which are receivable in front, we have complete the project in approximate 10 years. The payments will in interest on that amount, the payment we received on this quarter first quarter.

Shobhit Uppal:

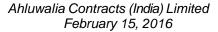
This was an arbitration award which came in the first quarter.

Satbeer Singh:

We have some suppliers we have mitigated and some written-back is also.

Gaurav Sanghvi:

Okay. And sir in terms of tax rate what is our guidance for tax rate for this year and next year?





Satbeer Singh: Next year is a full tax rate.

Gaurav Sanghvi: Okay. And this year FY16?

Satbeer Singh: FY16 last quarter it is approx at 26% to 30% in between.

Gaurav Sanghvi: Okay. And from FY17, it would be 33%.

Moderator: Thank you. We will take the next question from the line of Amber Singhania from Asian

Market. Please go ahead.

Amber Singhania: A couple of questions from my side, one is earlier we use to give margins guidance of

approximately 12.5%, I believe post that have we made any changes on the margin guidance to

13%-13.5% because in some media report it was mentioning that.

Shobhit Uppal: No, I have always mentioned 12.5% to 13% so as far as this financial year is concerned that is

the guidance and next financial year we are projecting about 13.5%.

Amber Singhania: Okay, fine. Sir, secondly like we have almost 2,300 crores of project wherein raw material is

also our part though with an escalation cost so have we made changes to our order book to the

tune of whatever fall in the commodity prices we have seen in the recent part?

Shobhit Uppal: No, actually this is we have not made that change because the prices in various geographical

locations is fluctuated though steel has come down universally but cement over the past six months it is fluctuated like a yo-yo in certain geographical locations even gone up in excess of Rs.300 a bag say Calcutta for West Bengal for that matter even Patna, the instant side. And since this is a pass through the order value is based on a base price which is a part of the tender

so the order book value which we are telling you is based on that base price.

Amber Singhania: And sir would it be fair to assume like for example this 3,800 crores odd order book currently

would be actually around 3,500 odd crores because of that steel prices going down?

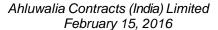
Shobhit Uppal: It is actually an interesting point we have not really calculated this, but we will do it now, we

did not think this time. But yes, the order book would be slightly lower.

Amber Singhania: Okay, fine, sir. Thank you and secondly, sir we are now bidding a lot of project for hospital

which is HSCC predominantly and I believe HSCC does not have any mobilization advances or advance as such, so would that lead to a higher working capital from our end as such on the

projects win any of the projects?





So something as Rohit mentioned we won order recently about the month and half ago from HSCC it is about 72 crores wherein, there is a mobilization clause but we are not taking advance from them, we are trying to be a little more disciplined and arrange working capital through internal accruals only so that is an experiment that we are doing we completed Safdarjung Hospital for them which is a 200 crores contract there was no mobilization advice and it has been done in record time two months ahead of completion so that is a part of our internal belt tightening process also to reduce the interest cost, let us see how we will succeed but I think it is a good step. Not only does it force us to tighten our belts but it keeps non-serous players like some of the infra players who use to come into these large order and pick-up order just for the mobilization advance.

Amber Singhania:

Yes, I was about to come to that sir, because a lot of players now is mentioning HSCC and their top targeting client as such. So are we seeing an increase competition happening and margins having impacted on the new tenders which is coming in because of the competition?

Shobhit Uppal:

Not, now because primarily for this reason only HSCC has kept this clause of no mobilization advance because they only want financially strong parties to come in.

Amber Singhania:

Okay. And sir, there is a general belief that NBCC project generally does not have that kind of high margin which we enjoy in our other projects and going forward we might see a lot of tender coming in from NBCCs seeing their order book selling up, so just wanted your comment on that sir.

Shobhit Uppal:

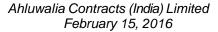
Yes, that is why if you see over the past six months. We have not won any order from NBCC that is precisely because of this reason that a) we have also distance ourselves a bit from them because we are not bidding for the smaller order what they have been coming out with in the past six months to nine months is smaller orders and primarily orders from their real estate division wherein they do not come out with tenders with escalation clause. Now with all the new larger order that they signed with either with DDA or with order entities I think they will be force to look at larger construction companies and there will be forced to come out with more balanced commercial conditions. So hopefully it will be release to some fresh orders with them for us.

Amber Singhania:

Okay. And sir, if I am not wrong last quarter we had roughly around 450-odd crores of L1 position whereas we have seen only 120 crores of order inflow so far so there any major reason why these projects are taking more time in coming into the order book or it is just normal course of...

Shobhit Uppal:

A couple of orders, the tenders were cancelled because the client did not justify the tendered cost like HSCC there was a large tender in Jhajjar which we had bid which was about 300





crores give a take a few crores I do not remember the exact price but yes, this was recalled and it is now being bid again and it is expected to be opened, the price bid is expected to opened in the next week or 10 days.

Amber Singhania:

So sir, now have they revised the pricing?

Shobhit Uppal:

They have revised their estimate.

Amber Singhania:

How much is that sir?

Shobhit Uppal:

They have revised it by about 5%-10%. What they do what happens is sometime you know with HSCC or NBCC because the eventual client is somebody else once the bid is opened they send the bid for approval to the eventual clients and if the bid price is more than the estimated price sometime the client does not agree with the price so, in this case this was what happened and the tender was cancelled.

Amber Singhania:

Okay. Why I was asking this question because a lot of tendering has been now done by HSCC and are we seeing this kind of trend emerging that the clients are going for re-bidding and this might delay the projects in the future, in the industry, are we seeing that kind of scenario emerging or it is just a one-off scenario kind of thing?

Shobhit Uppal:

No, you are right it is happening, in the last quarter we ourselves have seen this happen in three bids to four bids. Two of the bids the price bid was open and then it was re-tendered and in two of the bids the price bid was not opened. I will give you another example with HSCC there was a hospital that we bid for in Calcutta which was Cancer Hospital and there because only two parties were qualified which was L&T and us when the recommendation was send to the client Ministry of Health for the tender to be opened they said no, there should be more parties. So that has been rebid as we speak and that also we are hopeful that the price bid will now be opened in about 15 days' time.

Amber Singhania:

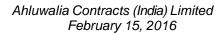
Okay. So would not that be deteriorating the scenario of the industry going forward in terms of quality and in terms of overall the way it was functioning so far?

Shobhit Uppal:

No, deteriorating not so much because when the re-bid happens the number of parties up until now has not increased because the qualification criteria has remained the same, but yes, it is just taking out more time and it is obviously a bit of extra effort on our part also.

Amber Singhania:

Okay, fine, sir. Sir, we had roughly around some 20 odd crores - 30 odd crores of income refund pending what is the status on that, sir?





Satbeer Singh: This we are expecting I think by March-April.

Amber Singhania: So that will so this 26% or 30% tax guidance is without considering that thing?

Shobhit Uppal: Yes.

Amber Singhania: And there is no more accumulated losses pending in, in our books as of now?

Satbeer Singh: The losses will be approximate 20 crores. There will be just in equal of the all the four quarters

of 5 crores - 5 crores that is the reason the first two quarters the PBT is approximate 18 crores to 0 crores. Today tax rate is approximate to 22% to 24% and third quarter and fourth quarter our revenue will be increased, so our profit will be increased so, tax rate will also increase

from 26% to 30%.

Amber Singhania: Okay. Because nine-month we have reported around 27% tax rate so more or less in this full

year we will be on the same run rate and then next year we will be having full tax rate.

Satbeer Singh: Yes, right.

Moderator: Thank you. We will take the next question from the line of Sagar Parekh from Deep Finance.

Please go ahead.

Sagar Parekh: Yes, sir. Sir, what would be your portion of residential orders in our order book right now?

Shobhit Uppal: Residential order is at approximate 42% with 11% government residential.

Sagar Parekh: 11% of 42% or 11% of the total order book?

Shobhit Uppal: Total 42% of the total order book is residential, so the break-up is 31% private, 11% public

sector.

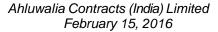
Sagar Parekh: 21 plus 11 is...

Shobhit Uppal: 31 plus 11.

Sagar Parekh: Yes, okay. And we are seeing slow down largely in that 31%, right in terms of slow moving

orders?

Shobhit Uppal: Yes, yes.





Moderator:

Thank you. We will take the next question from the line of Amber Singhania from Asian Market Securities. Please go ahead.

Amber Singhania:

Just one more thing more on macro and qualitative side, could you give some more color on the new orders which we would be bidding apart from this 2,000 odd crores as you mentioned that HSCC is going for one is Jhajjar which is going for rebid and then few more, so could you name a few large projects which are coming up both from hospital, intuitions or any other aspect, sir?

Shobhit Uppal:

So the re-bid just to clarify has already happened in Jhajjar so that is the part of the order pipeline and the re-bid on Cancer Research Hospital in Calcutta has also happened then there is a hospital which we bid, the medical which we bid for in Shillong. There is another hospital that bid in Sangrur in Punjab then we bid for South Asian University this is again a public sector job in Delhi. We had bid for CPWD residential project in Patna, Bihar, we have bid I mentioned earlier for a retail project and retail cum commercial for Bharti Realty. There is a project for national security guard regional center in Calcutta again CPWD under bidding not may be as yet. There is Guru Gobind Singh University which is coming up under State PWD Delhi in Shahdara that is under bidding and there are a couple of private hotel projects in Delhi which are again bidding, so these are some of the projects, yes.

Amber Singhania:

Okay. And these are expected to open and award in another may be six months, sir?

Shobhit Uppal:

Yes. About six months' time as I mentioned earlier NBCCs order you know they have Pragati Maidan you would have that is another thing they are targeting that in three months to four months' time they will break around, that is a 3,000 crores project so that is another area that we are targeting.

Amber Singhania:

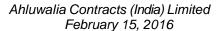
Any movement happening on the smart city side are we seeing anything moving from the ministry?

Shobhit Uppal:

Not really look that is not a focus area for us as we speak because even whatever movement a) there is not much movement on the ground and b) when the movement starts happening the size of the orders I think will be smaller. So that is not really while we have a small team looking into it that is not a part of our projection as we speak.

Moderator:

Thank you. As there are no further questions from the participants, I now hand it conference call over to Mr. Amber Singhania for closing comments.





Amber Singhania:

Thank you, Ali. And behalf of Asian Market Securities, I would like to thank all the participants and special thanks to the management for taking out time and sharing insights about the company and the industry with us. Sir, would you like to add any closing comments.

Shobhit Uppal:

No, Amber that is fine. I also would like to thank everybody. I think we have covered almost everything so in case there are any questions feel free to write to us, we will reply. Thank you so much.

Moderator:

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