



“Ahluwalia Contracts (India) Ltd. Q4 FY22 and full-year FY22 Earnings Conference Call”

**May31, 2022**



**MANAGEMENT:** **MR. SHOBHIT UPPAL - DEPUTY MANAGING DIRECTOR**  
**MR. VIKAS AHLUWALIA - WHOLE-TIME DIRECTOR**  
**MR. SATBEER SINGH – CFO**

**MODERATOR:** **MR. MEET PARIKH – ANAND RATHI SHARES AND STOCK BROKERS**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Ahluwalia Contracts (India) Ltd. for Q4 FY22 and full-year FY22 Earnings Conference Call hosted by Anand Rathi Shares and Stock Brokers. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. I now hand the conference over to Mr. Meet Parikh from Anand Rathi Thank you. Thank you and over to you, sir.

**Meet Parikh:** Thank you Inba. On behalf of Anand Rathi Shares and Stock Brokers, I welcome everyone to Q4 FY22 and full-year FY22 Earnings Call for Ahluwalia Contracts (India) Ltd.. From the management side, we have Mr. Shobhit Uppal - Deputy Managing Director, Mr. Vikas Ahluwalia - Whole-time Director, Satbeer Singh – CFO of the company. We will start with the opening remarks from the management regarding the industry, the results and post which we will open up for an interactive Q&A. Over to you, sir.

**Shobhit Uppal:** Thank you. Good afternoon. Welcome everybody. Ahluwalia Contracts (India) Ltd. has announced the Financial Results for Q4 FY22. During Q4 FY22, the company has achieved a turnover of Rs. 730.86 crore and a PAT of Rs. 42.35 crore in comparison to a turnover of Rs. 761 crore and a PAT of Rs. 37.06 crore in the corresponding quarter of the last financial year. EPS of the company for Q4 FY22 is Rs. 6.32 as compared to Rs. 5.53 in Q4 of FY21. During Q4 FY22, the company's EBITDA margin is 10.25% as compared to 9.63% and a PAT of 5.79% as compared to 4.87% in the corresponding period of the last financial year.

During the year ended on 31<sup>st</sup> March 2022, the company has achieved a turnover of Rs. 2,692.47 crore and a PAT of Rs. 155.26 crore as in comparison to a turnover of Rs. 1,982.19 crore and a PAT of Rs. 77.24 crore in the last financial year. EPS of the company for year ending 31<sup>st</sup> March 2022 is Rs. 23.18 as compared to Rs.11.53 in the last financial year. During the year ended on 31<sup>st</sup> March 2022, the company's EBITDA margin is 10.61% as compared to 8.91% and a PAT margin of 5.77% as compared to 3.90% in the corresponding period in the last year. Net order book of the company as on 31<sup>st</sup> March 2022 stood at Rs. 5870 crores, to be executed in the next 2 to 2.5 years. Total order inflow during the year ended 31<sup>st</sup> March 2022, is Rs. 1,267 crore. We are L1 in two projects totaling Rs. 1,250.84 crore.

We are ready to take questions now. Thank you.

**Moderator:** Thank you, ladies and gentlemen, we will now begin the question and answer session. A first question is from the line of Shreyans from Equirus. Please go ahead.

**Shreyans:** And sir just wanted to know the guidance for FY23 in terms of revenue and EBITDA margin?



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- Shobhit Uppal:** 15% top-line growth and EBITDA margin should also be in the region of 12% to 13%.
- Shreyans:** During this quarter, did we have any one-offs?
- Shobhit Uppal:** No.
- Shreyans:** And sir, in terms of CAPEX guidance for FY23?
- Shobhit Uppal:** It should be in the range of about Rs. 30 crore.
- Shreyans:** Lastly in terms of central research project, we have been given to understand that one of the projects has been canceled, so just wanted to understand that and secondly what is the opportunity size still left in that, in that entire stretch now?
- Shobhit Uppal:** Yes. As the tender has been canceled that knowledge is in public domain, so your information is correct. It is being retendered and...
- Shreyans:** Will we be reappearing for it?
- Shobhit Uppal:** We are still deciding.
- Shreyans:** And sir, in terms of the opportunity still left for the Central Vista?
- Shobhit Uppal:** I think the situation as it is unfolding, it is yet not very clear but in the immediate future, I think there would be tenders to the tune of about Rs. 3,000 crores to 4,000 crores, when I say immediate future in the next couple of years.
- Moderator:** Thank you. Our next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** My question is sir, how do you see the order inflow in FY23? We are left with 2 times roughly 2 times FY22. Do we have not the order book so far? For the growth, I think we need a substantial number in FY23 to grow in FY24.
- Shobhit Uppal:** Mohit, during the last call I had given a guidance of an order inflow of about 2,500 crores to 3000 crores, we stand by that. I had also mentioned that we were deliberately being conservative on account of a couple of factors. One; increased competitive intensity coupled with the inflationary market. So, going forward we see the pricing as the prices, commodity prices stabilizing and also in the latter part of this financial year, I expect the competitive intensity to also become better. So, we stand by our guidance given earlier.



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- Mohit Kumar:** Any color on this order opportunity basket available in FY23?
- Shobhit Uppal:** Primarily public sector, our focus remains on the public sector. Private sector, there are green shoots. So, maybe out of this Rs. 2,500 crore we expect about 20% to come from the private sector from our existing clients. We continue to be varying of taking on new clients especially in the residential sector, in the private sector. As far as the public sector is concerned more of the same hospitals, education and institutional buildings.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, just wanted to know particularly on the EBITDA margin, anything has happened because this quarter we have seen again on Q-o-Q basis, the EBITDA margin increase is coming off again, so what was, any specific reasons and are we now confident that 12% to 13% for FY23 is achievable or we can see a first and second quarter maybe a lower margin because of the increased commodity prices?
- Shobhit Uppal:** As I said in this quarter, our EBITDA margin is 10.25%. That is in spite of there is a slight improvement from the corresponding quarter of the last financial year. In spite of as you yourself mentioned the inflation has hit us. Yes, the first two quarters would be along the same lines. But overall, I think we will, we stand by our guidance of 12% to 13% as far as the year is concerned.
- Shravan Shah:** Secondly sir, last time we said we can do a 20% kind of a revenue growth in FY23. Now we are seeing the 15%. Are we seeing any slowdown in...?
- Shobhit Uppal:** No. Shravan, last time also I said 15% to 20% now also I am saying 15% to 20%.
- Shravan Shah:** Second, sir in terms of the two L1 projects that you have mentioned, so which are these two projects?
- Shobhit Uppal:** One is NIT, Patna that should be awarded to us in the next two weeks. That is Rs. 526 crore. The other is the Tata Memorial Hospital in Mumbai which is about Rs. 710 crore which it is taking a bit of time. I think we are expecting it to be awarded in the next month and a half.
- Shravan Shah:** We were there also L1 in Mumbai Customs project of Rs. (+) 1,100 crore and one Muzaffar Hospital from Tata?
- Shobhit Uppal:** Both those projects have been canceled because the bid price though we were L1, the bid price was far above the estimate price. So, the project, those tenders will be recalled.
- Shravan Shah:** I need a couple of data points, order book segment wise, and government survey region wise fixed price breakup?



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- Shobhit Uppal:** Mr. Satbeer will answer them.
- Satbeer Singh:** This is hospital - 43.50% and infrastructure - 11.5%, Institutional - 20.90%, residential - 17.96% and commercial is approximately 4.98% and hotel is 1.17%.
- Shravan Shah:** And in terms of the government...
- Satbeer Singh:** The government is 84.38% and private is 15.62%.
- Shravan Shah:** And in terms of the region?
- Satbeer Singh:** That East - 45.45% and north - 35.86%, West -17.83%, so that South is 0.85%.
- Shravan Shah:** And how much is the fixed price?
- Satbeer Singh:** This is approximately 15%.
- Shravan Shah:** What is the number for mobilization advance retention money and unbilled revenue?
- Satbeer Singh:** This retention is Rs. 180 crores and debtors against bills is Rs. 487 crores. Total – Rs. 667 crores. And mobilization is Rs. 203 crores and unbilled revenue is Rs. 251 crores.
- Shravan Shah:** In terms of the working capital days, is there any; any pressure are we facing in terms of the payments from the any specific client or are we expecting further improvement?
- Shobhit Uppal:** We are expecting a further improvement in this quarter and if you were to see the figures with the base...
- Satbeer Singh:** The working capital days were in the last quarter 89 days and now this has come down to 73 days.
- Shravan Shah:** That is a great.
- Shobhit Uppal:** As I said, it will further improve.
- Shravan Shah:** That is a great thing sir. In terms of the overall total bid pipeline size, so you have mentioned that focus would be on the public 20%. We are expecting from private but in terms of the size, what would be the total bid pipeline size as of today?
- Shobhit Uppal:** It would be about Rs. 7,000 crores, the tenders that we are to submit after two months.



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- Shravan Shah:** Any update in terms of the land monetization which we have in Calcutta, any progress?
- Shobhit Uppal:** Not in the immediate future. No.
- Moderator:** We will take a next question from the line of Rajat Sethia from Ithought Portfolio Management. Please go ahead.
- Rajat Sethia:** My first question is about the fixed price order book which is 15%. So, what is the kind of margin impact do you think this, these orders when have and when are these orders going to be executed?
- Shobhit Uppal:** These orders will be completed in this calendar year and the margin impact on these particular projects will be to the tune of about; we will take a hit of profitability will be halved. So, the hit will be to the tune of about 4% to 5%.
- Rajat Sethia:** Okay. Basically, if we were to make 12%-13%, maybe we will make 5%-6% on them, right?
- Shobhit Uppal:** Yes.
- Rajat Sethia:** And sir, why was the Central Vista tenders canceled and it is coming up again but what really happened?
- Management:** You must have read the newspaper.
- Shobhit Uppal:** No, what they did the value, if you have seen the value of the tender package has gone up by about Rs. 200 crore. So, it seems that they have added certain components like ICT and also increase the area somewhat. So, they felt that the earlier tender was not an accurate reflection of what they were ultimately going to make. So, they recalled it.
- Rajat Sethia:** This time around, are we seeing any idea on the competition, like what kind how many people were tendering, bidding in the first time and how many people will we be bidding now? What do you expect the competition to be the same?
- Shobhit Uppal:** Actually valuating that only, earlier on 4 companies were pre-qualified. So, now they are doing the entire process again. So, we are yet not clear how many will be added to these 4. So, we are evaluating our options and because of the nature of the project as I mentioned earlier, we are still not clear whether we will bid again or not. We are still doing our due diligence on this.
- Rajat Sethia:** Any stock orders, like nonmoving orders?
- Shobhit Uppal:** No. Now the project which was told also moving fine, we broken ground on the Patna Veterinary University project also, Agricultural Veterinary University that is a large one. That was awaiting



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environmental clearance which has come and we have broken ground there. So, when the auditorium project in Calcutta which incidentally is one of the fixed price contracts that is slated for completion in September. So, that is also moving full steam ahead.

**Rajat Sethia:** The competition that we are saying that it is increasing. So, earlier in your commentary you used to specifically mention that order sizes below 200 days high competition and above there is less. So, are you seeing competition right now across order sizes or is it again high in certain categories and low in certain categories?

**Shobhit Uppal:** Now the 200 figure is become 500 in orders up to Rs. 500 crores of the competitive intensity is high but what is also, what we are beginning to see is that a lot of people in the mid-sized segment, they have burned their fingers. So, now there is a bit of discipline when the bidding is there where all these people, the mid-sized companies are participating. So, as I predicted over the next 3 to 6 months I think there will be more discipline as far as bidding is concerned.

**Rajat Sethia:** Sir. One final, on the CAPEX side over the last few years we have been spending Rs. 20 crores to Rs. 30 crores on annual basis. Going forward, do you think we would have to spend some big CAPEX at some point in time or that is not required in our business? That is not in there in particular business.

**Shobhit Uppal:** Over the years, over the last 2-3 years, we have been steadily; the majority of this CAPEX is in replacing old defunct equipment. I don't see, that is why I projected the CAPEX of Rs. 30 crore. I don't see a substantial increase in this number in this year also.

**Rajat Sethia:** This question is more from the perspective of like say next 5-6 years that this, the kind of CAPEX; so, CAPEX right now on a Rs. 3000 crore top-line we are saying Rs. 30 crores. So, this kind of run rate will go in line with the revenue growth or you think we will have to do at some point of time big CAPEX as well?

**Shobhit Uppal:** It will, it will increase. If you are talking about the longer term, it will increase.

**Rajat Sethia:** In line with the revenues?

**Shobhit Uppal:** Yes, in line with the revenues.

**Moderator:** Next question is from the line of Parikshit Khandpal from HDFC securities. Please go ahead.

**Parikshit Khandpal:** So, can you tell us what is the total order backlog?

**Shobhit Uppal:** Rs. 5870 crores.



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- Parikshit Khandpal:** And can you repeat that L1 number?
- Shobhit Uppal:** Rs. 1,250 crores.
- Parikshit Khandpal:** Just on this margin, we have been saying still last quarter that our margins are now normalizing and again we have a negative surprise on margins in this quarter and you are saying that another two quarters of margins were remained muted, we were very well aware that the commodity prices are at elevated level in the third quarter call. So, why is it like again getting extended by two more months? So, are we not getting our escalations which is there or what are the reasons, why we are still lagging on getting back to the normalized margin, if we have only 15% of legacy order book on a fixed price basis?
- Shobhit Uppal:** Parikshit, the situation is there for all to see, nobody expected that the supply chain will continue to be so badly affected. Nobody expected that the war which is one of the key reasons for the pricing, pricing level continuing to go up or nobody expected it to go for so long, go on for so long. So, but having said that keeping the inflationary trend I think the EBITDA margin is in line with what I had projected. When you say it is negative. I'm sorry. Could you clarify that?
- Parikshit Khandpal:** I was saying that we are even moving towards more quarterly kind of a normalized number of 12% to 13% so referring to that.
- Shobhit Uppal:** If I take you back to my last call, I had said that in the second half of this financial year, the number will improve substantially. If you were to see if you were to compare in spite of the inflationary prices, our EBITDA margin is up by nearly 0.6%-0.7% in this quarter.
- Parikshit Khandpal:** But we expect that the second half of FY23, it will be more like coming back sharply up and for the full year 12% to 13% is still maintained that we will deliver on our EBITDA margin?
- Shobhit Uppal:** Yes.
- Parikshit Khandpal:** Second question is on again which I keep asking every time on the call that on the private, it is a real estate so sectors seems to be doing well so any change in thought there, are you looking a comeback there, if you can just touch upon on that?
- Shobhit Uppal:** Residential still does not excite us but commercial, the order pipeline that I have mentioned, Rs. 7,000-Rs.8,000 crores, there is out of this about 20% is private commercial real estate exposure.
- Parikshit Khandpal:** What about the Southern market? And where are you looking at because that is a big market for the commercial, private commercial real estate on office side when thought that the ramp up...
- Shobhit Uppal:** Sometime during this year, latter part of this year, we are looking to extend our footprint there.



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- Moderator:** Our next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Sir just wanted to check. Are there any slow-moving orders in the order book?
- Shobhit Uppal:** No, as I mentioned earlier, most of the projects now all the projects are moving fine.
- Ashish Shah:** Secondly, on the cost escalations, so are we let's say based on the indices which exist today, are we getting a fair amount of pass through of increased cost or you think the indices are lagging significantly at this point in time.
- Shobhit Uppal:** Sir, the indices are lagging at this point in time. So, what we are thinking about 60% of the actual the cost which is incurred broadly speaking.
- Ashish Shah:** When we guide for a 12% to 13% kind of margin, do we assume that the indices will catch up and hence we will be able to maintain that sort of margin or are we at building that on as things stand today.
- Shobhit Uppal:** The delta will reduce. The delta in terms of the gap of 40%, this will reduce.
- Moderator:** Our next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir, I would like to know about the order backlog position for selected period. Can you give us the details of J&K Hospital project, what is current outstanding order backlog?
- Shobhit Uppal:** In the AIMS Jammu the backlog is about Rs. 750 crores as on date. The net unexecuted value is about Rs. 750 crores.
- Jiten Rushi:** So, what was this as on March?
- Shobhit Uppal:** It was Rs. 877 crores.
- Jiten Rushi:** Sir is it possible to give us any of a top 5 or top 10 order backlog break-up because we have been missing this data for quite some time now. So, is it possible to give us now that quickly, if it is possible?
- Shobhit Uppal:** Yes. I told you about this thing Jammu then...
- Jiten Rushi:** Animal Husbandry.



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- Shobhit Uppal:** So, you note down then Sion Hospital, this is as on March, right? Sion Hospital is Rs. 506 crore, the Medical College in Chapra in Bihar is Rs. 201 crore and the Bihar Animal Science University is Rs. 890 crore.
- Jiten Rushi:** It is just broken ground so we have not booked any revenue?
- Shobhit Uppal:** Just as I mentioned earlier in my call, we have just broken ground there and Mandale D4, Mumbai Rs. 385 crore and Gardanibagh Officers Enclave in Patna is Rs. 384 crore.
- Jiten Rushi:** We have received some affordable housing project in Kolkata Rs. 229 crores. So, have we broken ground there?
- Shobhit Uppal:** Yes. We have broken ground. That project is well underway. In fact, that was one of the slow-moving projects because they had not got the AAI clearance which has now come and it is underway now.
- Jiten Rushi:** What is the outstanding, as of March it was the same, Rs. 229 crores?
- Shobhit Uppal:** Yes, 244 crores.
- Jiten Rushi:** The price has gone up.
- Shobhit Uppal:** Awarded amount was Rs. 249 crores and as on 31<sup>st</sup> March the billing of Rs. 5 crores that had been done there.
- Jiten Rushi:** On the Kolkata Auditorium project as you said it will end in September and obviously our Milan Mela, we were about to add in April. So, are we done with Milan Mela, or that is still work going on
- Shobhit Uppal:** As you would have seen in the news, Milan Mela was inaugurated by the Honorable Chief Minister in April and now the final filling and we are in the process of handing it over.
- Jiten Rushi:** So, payments are not an issues?
- Shobhit Uppal:** Yes, in that project payments are not an issue.
- Jiten Rushi:** Any payment issues from any of the State Government you are facing as of now say in Bihar or some other places or everything is smooth?
- Shobhit Uppal:** Bihar, the payment cycle is slightly prolonged but the payments are coming in, other states Himachal and Haryana and the other states, Delhi and Maharashtra, they are okay.



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- Jiten Rushi:** Any NBCC project you are targeting this year?
- Shobhit Uppal:** NBCC, as I mentioned last time we have restarted rebidding and we are doing the Chamba Hospital project is with NBCC only where nearly 50% of the project is still left to be done. Yes, we are looking to bid now that the escalation clause and the arbitration clause are there in the tender. So, we are looking to bid further.
- Jiten Rushi:** Just two questions. This Nalanda Project, what is the outstanding order backlog?
- Shobhit Uppal:** Nalanda, Rs. 156 crores.
- Jiten Rushi:** And the real estate project that is construction of high-rise residential Complex in comes in Bhubaneswar?
- Shobhit Uppal:** Bhubaneswar, the balance is Rs. 294 crore.
- Jiten Rushi:** This has also been going pretty slow. So, any reason...
- Shobhit Uppal:** It is installed in between due to statutory approvals and it has now started all approvals are in place now.
- Jiten Rushi:** So, you gave a guidance of 13% to 15% and 15% of which is slow moving. So, these slow-moving projects, are we expected to complete in first half? Or we can see a spillover in H2 also?
- Shobhit Uppal:** I didn't say 15% projects are slow-moving. I said 15% of fixed price contracts.
- Jiten Rushi:** Yes, fixed price project.
- Shobhit Uppal:** So, we are looking to complete as I said, one of the major ones is the auditorium project which we are looking to complete in September and the other one by the end of this financial year.
- Moderator:** We will take a next question from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** First question is about the competitive intensity. Now you have mentioned that it has been high over the last year and this is why we have been conservative in terms of design and you expect it will probably improve by the second half of this year. So, is this the reduction in competitive intensity largely a function of the fact that people have had setbacks due to commodity price volatility? Or is it also because the bid pipeline, etc., might be increasing or do you expect more orders coming in future and that are why you think bidding will be more rational?



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- Shobhit Uppal:** So, they are intertwined these two reasons that you said Parvez. Say, a lot of companies I don't want to name them but I can, there are at least 6-8 companies who are actually floundering because they picked up orders at very-very competitive pricing and the commodity prices hit them that they, the commodity prices compounded their problems. So, going forward a few of these companies may not survive. A few of these companies will; the other ones will be forced to bid in a more disciplined fashion. What we are also seeing with the larger player, they are not bidding indiscriminately. So, that is why going forward, I am hopeful that it is too of the financial year the bids will be more disciplined and yes the pipeline is steadily increasing especially in the segment that we are present in. So, we are hoping that the orders which will come in now will be with decent margins and the commodity prices also seem to be on a downward trend.
- Parvez Akhtar Qazi:** And bookkeeping question for Satbeer Singh what is the total gross debt and what is the cost of debt currently?
- Satbeer Singh:** As on 31<sup>st</sup> March, it is Rs. 5 lakhs only. And part of debt is approximately 7%.
- Parvez Akhtar Qazi:** Sorry, I missed the number 7.
- Satbeer Singh:** 7.25%.
- Moderator:** Our next question is from the line of Rajat Sethia from Ithought Portfolio Management. Please go ahead.
- Rajat Sethia:** Sir, one small question I missed it, what was the order inflow during FY22?
- Satbeer Singh:** Rs. 1,267 crores.
- Moderator:** We will take a next question from the line of Jairam Shah from Equirus Securities. Please. Go ahead.
- Jairam Shah:** Just wanted one clarification about the margin guidance sources, did it inclusive of the other income?
- Shobhit Uppal:** At the moment, no. This is not inclusive of the other income.
- Jairam Shah:** So, sir visible if you see causes this 12%-13% is excluding other income that you are saying, the guidance of the EBITDA margins?
- Shobhit Uppal:** So, Satbeer would like to clarify.



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- Satbeer Singh:** 85% of the margins have been declared that it improves the other income end of OPEX. One note has been taken off the turn over as a percentage.
- Jairam Shah:** If we see the other income during this particular 4<sup>th</sup> quarter, then it has almost double from our original run rate of Rs. 5-6 crores. So, any kind of written back or something during this quarter?
- Satbeer Singh:** During this quarter, basically total other income to include this is written back and also some basically liability written back and also some amount has been received from the debt already we have written-off elevated that also and there is 11% to 12% FD received, FD interest.
- Jairam Shah:** So, if we do the math of the core EBITDA margins for this particular 4<sup>th</sup> quarter then it is largely do that 8.7-8.8%, if we exclude the other income from the EBITDA level and as compared to earlier percent Y-o-Y, Q-o-Q basis. So, is it reason to us?
- Satbeer Singh:** This, I am saying that this is basically just margin a percentage of EBITDA, that has been includes whatever the coming there but taken as percentage of turn over only.
- Jairam Shah:** If we exclude the other income from EBITDA which is like returning back a non-cash item thing, so then the margin will be coming to the 8.5% to 9% of line.
- Satbeer Singh:** That is basically part of the...
- Shobhit Uppal:** That is one way of looking at it; no, part of this other income is also huge against the construction done earlier. In the long run that will continue to happen.
- Satbeer Singh:** Because earlier sir what about greater side we did not get it also with the computer for the calculation will be done at that time also.
- Shobhit Uppal:** Anyway, that's what; you are what you're saying. Yes, that is right. What I am trying to say is that it year-on-year that will continue to happen.
- Moderator:** we will take the next question from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Just one thing when you look at our bank balances, which is basically the deposits for the banks. Those are doubled from last year. The Rs. 90 odd crores has become Rs. 187 crores. Is all of this margin money or these are some of the regular deposits as well?
- Satbeer Singh:** No. That is just the free deposit; free deposit is also including in that bank balances.
- Ashish Shah:** Do you have the details, how much of this could be fee deposit?



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- Satbeer Singh:** Out of this margin money around would be Rs. 95 crores and rest of it will be....
- Ashish Shah:** So, margin money does not seem to then have increased much or they see the number is basically on account of increase in the regular deposits?
- Satbeer Singh:** No, because it was basically the outstanding of the similar levels. So, that is why margins...
- Shobhit Uppal:** You are right.
- Moderator:** Next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Sir, after this bidding pipeline of Rs. 70 billion or Rs. 7,000 crores how is it the stay at actually, I want to say how the auditing pipeline for the stay is looking at this point of time. And are we looking to add something on the state side or is privately from the center?
- Shobhit Uppal:** One is seeing the pipeline as far as the states concerned increasing. It would be out of the total 7 billion as I said that 20% will be from the private sector and from the balance, it would be 70%-30%, 70% - center, 30% - state.
- Mohit Kumar:** My second question is, what is a long-term aspiration in the sense to let's say FY25, what kind of top-line you are looking to achieve? And that is the question.
- Shobhit Uppal:** Look, these are not times to think so far ahead.
- Mohit Kumar:** Some about guidance sir?
- Shobhit Uppal:** I have given a guidance of a growth of 15% to 20% of the next two years and then let's see.
- Mohit Kumar:** Just lastly, on this of margin has the prices correct now in the sense or does it improve our EBITDA margin in near term or do you think this 8%, 7% which we achieved in Q4 is likely to continue for Q1 FY23 and Q2FY23 and it would improve subsequently once the, our top-line starts going at a higher rate?
- Shobhit Uppal:** Yes. Second half of this financial year it will improve substantially. So, this will continue to be felt at least in the first quarter.
- Mohit Kumar:** What is the lag which we generally, are you see in the indices?
- Shobhit Uppal:** As I mentioned, it is about 30% to 40% but this will reduce as we go forward. In the second half of this year, the lag should be down to about 20% and some lag will remain. Some lag will remain because though the pricing of cement and steel there are separate indices for cement and



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steel but the rest of the pricing of other construction materials are actually, the escalation is based on the wholesale price index. So, that does not totally cover de-escalation.

**Moderator:** Our next question is from the line of Meet Parikh from Anand Rathi Shares and Stock Brokers. Please go ahead.

**Meet Parikh:** On the mobilization advance, how much of it is interest bearing?

**Satbeer Singh:** This is a Rs. 203 crore and out of this, 30% is interest free.

**Meet Parikh:** 30% is...

**Shobhit Uppal:** About Rs. 60 crores is interest free. Rest is about Rs. 140 crores is interest bearing.

**Meet Parikh:** On the pledge now with almost zero debt we have, what is the reason for the pledge we have and by when do you expect to reduce it further is it reset down?

**Satbeer Singh:** Yes, just you will find it within this quarter that we have already squared up the limits with Punjab that has a major holding those lags this year with event. This is around 50 lakhs that would lead to this quarter and rest there would after be Rs. 47.95 lakhs and we are planning to get collateral free within this year.

**Meet Parikh:** Lastly sir, on the, if you can list some projects for which you will be at the end of bidding pipeline? Some of the major big-ticket projects?

**Satbeer Singh:** So, we are bidding without naming the client, we are bidding for a slower data center because that seems to be an upcoming field. We are bidding for a couple of hospitals in Bihar. We are bidding for a data center for Punjab National Bank also, we are bidding for a Central University project in Himachal, we are also bidding for a Fintech Institute for government of Rajasthan. And we are bidding for three hospitals for the government of Assam and on the private sector side we are bidding for DLF as well as Bharti Realty.

**Moderator:** I would now like to hand the conference to the management for closing comments.

**Shobhit Uppal:** Thank you everybody for patiently listening to us and if there are any other questions you can reach out to Satbeer directly or Sudhanshu from our IR team and we will reply as soon as possible and hope to talk to you again at the end of the next quarter. Thank you.

**Moderator:** Thank you. On behalf of Anand Rathi Shares and Stock Brokers that concludes this conference. Thank you for joining us. You may now disconnect your lines.