E-mail-On-line
Date: 17-02-2023
To,

Compliance Department	Compliance Department	Compliance Department
BSE Limited.	National Stock Exchange of India Ltd.	Calcutta Stock Exchange Ltd
25th Floor, P.J. Towers	5th Floor, Exchange Plaza,	7, Lyons Range, Dalhousie,
Dalal Street, Mumbai - 400001	Bandra Kurla Complex,	Murgighata, B B D Bagh,
	Bandra (East) Mumbai- 400051	Kolkata, West Bengal – 700001

Sub: Out-Come of Conference call under Regulation 46(2) of the SEBI (LODR) Regulations, 2015 held on 14-02-2023 at 4.00 p.m.

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed out-come of Analyst/Institutional Investor Meetings. Please find enclosed out-come (Transcript and Audio) of Analyst /Institutional Investor Meetings held on 14-02-2023 at 4.00 p.m.:

Also Audio Link Information as under:
www.acilnet.com/wp-content/uploads/2023/02/ANA0220230214145978.mp3

The above details are also being made available on the Company's website at www.acilnet.com

This is for your information and record please.

For Ahluwalia Contracts (India) Ltd

(Vipin Kumar Tiwari)
Company Secretary

Encl.: As above

"Ahluwalia Contracts Limited Q3 FY 2023 Earnings Conference Call"

February 14, 2023

MANAGEMENT: **MR. SHOBHIT UPPAL – DEPUTY MANAGING DIRECTOR – AHLUWALIA CONTRACTS LIMITED**
MR. VIKAS AHLUWALIA – WHOLE TIME DIRECTOR – AHLUWALIA CONTRACTS LIMITED
MR. SATBEER SINGH – CHIEF FINANCIAL OFFICER – AHLUWALIA CONTRACTS LIMITED

MODERATOR: **MR. PREM KHURANA – ANAND RATHI SHARES AND STOCK BROKERS**

Moderator: Ladies and gentlemen, good day, and welcome to the Ahluwalia Contracts Q3 FY '23 Results Conference Call hosted by Anand Rathi Shares and Stock Brokers. Please note that a copy of disclosure is available on the Investors section of website as well as the stock exchange.

Please do note that anything said on this call, which reflects outlook towards future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces. 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 star than zero, on your touchtone phone.

I now hand the conference over to Mr. Prem Khurana from Anand Rathi Shares and Stock Brokers. Thank you, and over to you, sir.

Prem Khurana: Thank you. Good afternoon, ladies and gentlemen. On behalf of Anand Rathi Share and Stock Brokers, I welcome you all to Ahluwalia Contracts Q3 FY '23 and 9-month FY '23 post results con call. To discuss the current state of affairs and the way forward, we have from the management with us Mr. Shobhit Uppal, Deputy Managing Director; Mr. Vikas Ahluwalia, Whole Time Director; Mr. Satbeer Singh, Chief Financial Officer.

We will begin this call with opening remarks from the management, and then we'll follow it up with the interactive Q&A session. Over to you, sir.

Shobhit Uppal: Yes. Welcome, everybody. Satbeer, can you make the opening remarks?

Satbeer Singh: Yes, yes. Ahluwalia Contracts announced financial years of our quarter 3 financial '23. During the year quarter 3 financial '23, the company achieved turnover of INR 743.25 crores and PAT of INR 45.01 crores in comparable to turnover of INR 683.50 crores and PAT of INR 42.33 crores in quarter 3 financial year '22. EPS of the company for quarter 3 financial '23 is INR 6.72 compared to INR 6.32 in corresponding last quarter.

During quarter 3 financial '23, company's EBITDA margin is 10.53% as compared to 10.89% and PAT margin, 6.06%, as compared to 6.19% in the corresponding period. During the 9-month financial year '23, the company achieved turnover INR 1,975.34 crores and PAT of INR 121.95 crores in comparison to turnover of INR 1,961.60 crores and PAT of INR 112.90 crores during the 9 months ended financial year '22. EPS of the company for 9 months financial year '23 is INR 18.20 compared to INR 16.85 in 9 months ended financial year '22.

During 9 months financial '23, the company's EBITDA margin is 10.86% as compared to 10.75%. And PAT margin is 6.17% as compared to 5.76% in the corresponding period.

Net order book of the company is INR 8,113.14 crores to be executed in next 24 to 30 months. Total order improved during current year till date is INR 4,017.63 crores and and we are all one project amounting to INR 663 crores.

And besides that, general information, this is -- our working capital days is 63 days. And cash position is INR 297.68 crores bank position is INR 158.83 crores. Retention money is INR

193.27 crores, mobilization advance INR 283.96 crores, unbilled revenue INR 415.86 crores, inventory INR 231.21 crores. Debtors are INR 471.06 crores and retention money total INR 193.27 crores. Trade payable INR 662.76 crores. Interest bearing mobilization line 41%. Fixed price contract is 20%. And regarding order book, this is segment wise. Commercial 6.73%. Infrastructure 11.75%, Institutional 39.82%, Residential 11.56%, hospital 29.35%, hotel 0.79%. Regarding sector-wise, government 82.46%, private 17.54%. And region-wise, east 41.98%, north 35.82%, west 11.46%, south 5.30% and oversees 5.44%. And now you may proceed, please.

Shobhit Uppal: We are ready to take questions.

Moderator: The first question is from the line of Mr. Mohit Kumar from DAM Capital.

Mohit Kumar: Congratulations on a very good set of order inflow, especially for the 9 months. My first question is on the revenue guidance. I think we were expecting some incremental Q-o-Q substantial jump, which hasn't happened in this quarter. Can we expect the Q4 to be slightly better? And are you still holding on to the margin of revenue guidance or you're revising it?

Shobhit Uppal So yes, we are holding on to a revenue guidance of 10% to 15% year-on-year. If you see, we have jumped from last quarter, we have jumped more than 20%. And traditionally, the fourth quarter always -- run rate is the highest. So yes, we think we will cross INR 3,000 crores of the revenue in this entire financial year.

Mohit Kumar: And margin guidance of 10%, is that number right, sir?

Shobhit Uppal: Yes.

Mohit Kumar: Second question on the order inflow of -- we had a very good fiscal year to 9 months. How do you see Q4? And the large opportunities, which you would like to highlight?

Shobhit Uppal: The pipeline is good, but we are being conservative going forward. I think there is a competitive intensity continues to be high. So since we already have a good order book appetite, we are not that hungry. So -- but still, we are bidding. There are a few marquee private sector clients for whom we've submitted bids. Over the next couple of months, the focus is going to be more on private sector clients.

Mohit Kumar: And based on the current order book, sir, how do you see revenue for FY '24?

Shobhit Uppal: So I did say that there will be last time around that we would get target of 15% growth in FY '24.

Management: The next question is from the line of Mr. Shravan Shah.

Shravan Shah: Congratulations for strong order inflow for this year. Sir, just wanted to clarify, you said for this year, we are looking at more than INR 3,000 crores revenues. So that comes -- close to about 12-odd percent kind of a growth. So just trying to understand, sir, to achieve that, we need at least INR 1,000 crores plus kind of a revenue in fourth quarter. So are we confident...

Shobhit Uppal: Yes, yes, that's what our target is. If you see, traditionally, fourth quarter this much would have increase. We've done about INR 750 crores in Q3. So with a 20% jump -- between Q3 and Q2, there was a 20% jump. And we feel we can get that 20% in Q4.

Shravan Shah: Okay. That's great. Secondly, just in terms of the EBITDA margin, I think you last time mentioned at 12%, including other income, and just kind of answer to the previous participant, you said 10%. So just wanted to clarify because until now in terms of -- including other income, it is 10.9%. So just trying to...

Satbeer Singh: It's about 11% where it stands as of now. So I am giving you guidance that it will be around that.

Shravan Shah: Okay, 11%. So even for the next year, will it remain at 11%? Or will it...

Satbeer Singh: No, it should go up. It should go up.

Shravan Shah: So closer to 12% that outflow that we are looking...

Satbeer Singh: Yes, yes.

Shravan Shah: Okay. Just to clarify on the INR 663 crores L1. So is it that Tata Memorial Steel L1 or this is a separate order?

Shobhit Uppal: This is only Tata Memorial, which is the same.

Shravan Shah: Okay. Previously, I think it was INR 710. So you mentioned INR 663. So I just wanted to clarify. And any update in terms of when it will be getting converted into orders?

Shobhit Uppal: We feel that maybe it may happen in this financial year -- towards the end of the financial year, end of March. .

Shravan Shah: Okay. And in terms of the bid pipeline, what is it? And how much is the private and in terms of the central and state government? And do we see any further order inflow in 1.5 months?

Shobhit Uppal: Yes, there should be may be around INR 400 crores to INR 500 crores. My answer to Mohit's question. I did mention that we are now a little more focused on the private sector. So because we want to hedge our base as far as the Government is concerned. .

Shravan Shah: Okay. So then the bid pipeline right now is how much and how much is out of that is private?

Shobhit Uppal: It's about INR 3,000 crores, and about 40% is private.

Shravan Shah: Okay, 40% is private. And in terms of the capex, how much we have done for 9 months? And what is left? And because last time, you guys are saying close to INR 50 crores, INR 60 crores this year and next year. So just wanted to reach out on that.

Satbeer Singh: Yes. So Shravan, this year is on a capex of about INR 80 crores because we have -- because of the sudden jump in the order book and a lot of new projects starting in new geographies like

Bangalore, Hyderabad, Assam and also Maharashtra, we have exceeded our capex target. That is to be expected because of these new projects. So it's about INR 80 crores. And in the balance in the last quarter, it should be about INR 8 crores.

Shravan Shah: Okay. And next year, will it come down to INR 50 crores – INR 60 crores.

Satbeer Singh: It will come down. It will come down. .

Shravan Shah: Okay, okay. Satbeer, sir, if you can repeat how all the numbers -- actually, it was -- I was not able to write it up in terms of order book and the balance sheet numbers. So if you -- slowly, if you can speak up.

Satbeer Singh: Yes, please. This is -- working capital days is 63 days. And cash and cash equivalent is INR 297.68 crores; bank position is INR 158.83 crores; retention money, INR 193.27 crores; mobilization advance, INR 283.96 crores; unbilled revenue, INR 416.86 crores; inventory, INR 231.21 crores; and debtor is INR 466.76 crores; interest-bearing mobilization advance, 41%; trade payable is about INR 662.76 crores. Fixed price contracts are 20% . And besides that, you want order book also?

Shravan Shah: Yes, sir.

Satbeer Singh; Segment wise commercial, 6.73%, Infrastructure 11.75%; institutional, 39.82%; residential 11.56%; hospital, 29.35%; hotel 0.79%; and about sector-wise government, 82.46%; private, 17.54%. Region-wise, eastern region, 41.98%; north region, 35.82%; west, 11.46%, south, 5.30%; and overseas, 5.44%.

Moderator: The next question is from the line of Mr. Parvez Qazi from Nuvama Group.

Parvez Qazi: So a couple of questions from my side. First, what has been the payments from the trade government? Are we seeing some challenges, etc, there or they continue to be regular?

And second, on the bid pipeline, which are the segments that we are targeting? You mentioned that we are maybe looking at more private sector orders going ahead. So will these be in the institutional segment? Or are we open to taking orders even from private residential side?

Shobhit Uppal: So we bid pipeline out of that. As I said, we focused on the private sector. Private sector, we bid for a few hospital projects, have been and are bidding for a few hospital projects and some commercial projects. As far as the residential listing is concerned, we have slowly started looking at residential developers with proven track record. We are doing our due diligence, and we are not averse to taking up some jobs, but limited in number. What was your first question? I think I answered the second and the third one.

Parvez Qazi: Sir, about the payment from the state government.

Shobhit Uppal: Yes. Sorry. So yes, situation has improved. In this quarter, Bihar -- I'll start with Bihar. There is a substantial improvement. The financial closure for the Basu project has happened, and the concerned department has got the first tranche of payments, and we will be getting live soon. As far as the 2 hospitals that we are doing, Nalanda, our preliminary inauguration was done by the Chief Minister with an eye to completing the entire project by May-June. And we have got about INR 100 crores of stuck payment last month in that project.

Similarly, the Chhapra project, because that is the Chief Minister's constituency, we've been told funds will start flowing in that project also. So there's a substantial improvement in Bihar. As far as Bengal is concerned, we have completed, we were doing two projects, three projects in the state government. The two projects are over, Milan Villa, where most of our payments have come in. As far as the auditorium is concerned, the bills are being certified. Our final bill is under check. That project is also complete. It's slated for inauguration in March. One project, housing project for HIDCO, that project is going on and payment does not seem to be an issue there. So that is as far as payments from state government is concerned.

Another, we made a foray in to Assam. We are doing three projects in the state there. There we have no cost for complaint.

Parvez Qazi: And apart from this, so you touched upon the project in these three states. It would also be great if you could touch upon some of our other major projects like the Jammu, the Mandale depot, and some of the hospital projects that you are doing.

Management: I should have mentioned Himachal also. We are doing two hospitals with the state government there. And when the elections were happening, I mentioned in my last call, there were cash flow issues, but funds have started flowing there also. The Hamirpur project in Himachal, we are targeting in August '23 completion. And the Chamba, we are targeting a completion by October-November.

As far as the Jammu Hospital is concerned, we are also targeting a completion by the end of this year. Based on that project, that is a central government project, funds have not been an issue there till now. As far as Mandale is concerned, work there is also progressing and if you've gone through the new order in detail, there is a INR 60 crores or INR 70-odd crores of structural steel work that has been added obviously through a tender. So that project is proceeding fine now.

Parvez Qazi: Last question for Satbeer ji. Sir, do we have any loans or borrowings in a balance?

Satbeer Sing: No. Zero.

Moderator: The next question is from the line of Mr. Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: So my question is on margins. It's almost 14 quarters now where we have not hit the double digit mark in terms of EBITDA margin. So even last quarter we said that second half we are looking to improve our margins in the range of 12% to 13% and now again we have downgraded it to 11%. Even third quarter has been weaker than first and second quarter in terms of EBITDA margin. So how do we read this EBITDA margin trajectory? Because we try to reiterate that things will be better in the coming quarters, but again, we actually are not able to improve on the margin. Now the commodity prices have actually reduced. Even then we are not getting that margin benefit.

Management: Hi, Parikshit. First of all, let me correct you. We have double digit EBITDA margin.

Parikshit Kandpal: This quarter, 9.6% I think, margin.

Management: No, it's about as with other income, 10% and 9%.

Parikshit Kandpal: I'm seeing, excluding other income.

Management: Okay. So if you exclude the other income, then, it's at about 10%. And there have been factors, commodity prices, you mentioned commodity prices are yo-yoing. Again, the steel prices have gone up again. And so there is, so we have, as I said, at the end of the year, I've given a guidance of about 11%. And if you do a peer comparison, I think we are much above our peers. I have a chart in front of me, if you look at the profit ratios or PAT ratios, we are much better off.

Parikshit Kandpal: But why? New orders which are coming in now, I assume that they are taken up?

Management: Design build orders. It's now that the first three to four months go in designing. It's now and the infrastructure costs and everything is there. It's only now the orders that we've got in the last two quarters. We would be, we have broken ground on some but on a large number of those projects will be breaking ground now.

Parikshit Kandpal: In terms of competitive intensities, I know in the building segment there are a handful of contractors who execute more than INR 300 crores or INR 400 crores projects. In a single project, I would say there will be a handful of contractors, maybe 7, 8, 5 to 6, maybe 5 to 10 maximum. But why the intensity still remains so high? So we know there are a few contractors who are largely positioned towards Southern India, large order books, and there are a few in Western, some are in North. But still we see that margin is much lower versus other EPC segments like roads and all where we see 13%-14% margin and where there are a lot of many, larger number of players present in those segments.

Why, in building segment we continue to see most of the developers, most of the players reporting only early double digit or high single digit kind of margins. So if you can give some color on competitive intensity because what we understand that demand continues to be very robust, private real estate is doing so strong, seems to be on an up cycle. All the factors seem to be falling in place, especially on the demand side.

Management: As I said last time, Parikshit, there is bound to be consolidation in the medium term here because of the fact that the competitive intensity is high. That is why we are being very, very conservative and careful. As far as the road construction is concerned, EBITDA margin may be high, but you see a lot of those players having cash flow issues and they are now trying to move to the building segment. Be it the Ashoka Buildcon of this world or other infra players like KEC. You see a lot of them, the Dilip Buildcon, coming and even picking up private sector jobs in the building segment.

So while I don't know, I'm not intimately involved with the road sector, but this is a pointer that obviously things are not hunky dory there. As far as we are concerned, or to answer your question about single digit margins or lower margins, I think to alleviate cash flow problems, people are bidding indiscriminately and trying to pick up more jobs to get at mobilization advances. We don't do that. In fact, if you've heard the figure that Satbeer said, that we have actually, the mobilization advances interest bearing is only 41%. So we have only availed interest-bearing advance on 40% of our jobs. Slowly but surely we are building cash reserves to ensure that we don't, in the next three years or so, our target is to absolutely stop availing the mobilisation, interest-bearing mobilisation advances from various clients. So that is how we are consolidating. Another thing that we are doing is, today we are present in 16 states. That's a question that you asked me in the past also, why are we not going to a certain part of the country? We are there now. We moved to Assam also, so that we go into areas where the competitive intensity is less. The projects, three projects that we started in Assam, there, we feel our margins are going to be higher because proven and tried construction companies, there are lesser.

Similarly, we've started, piggybacked on one of our existing client, Amity, we started two campuses for them in southern part of the country, one in Hyderabad, one in Bangalore. So that is why I say that in the coming quarters, our margin, the mid-term margin especially is going to go up.

Moderator: The next question is from the line of Mr. Sandip Sabharwal from ASK Sandip Sabharwal.com.

Sandip Sabharwal: Mr. Uppal, the good part obviously about Ahluwalia unlike other construction companies is your debt profile. You don't have any debt whereas other companies are loaded on to debt. However, I think taking off from what the last participant asked, because this was a specific question I actually asked you in the last conference call on the quarter three margin. You said that from quarter 3 onwards it will be 12%. So now, the only question I want to ask is that when you talk about margins, how do you, is it a guesstimate or based on the projects you are doing, you estimate that because in three months, from what you said you will achieve, the actual margins are more than 1% lesser.

Shobhit Uppal: Yes, so Mr. Sabharwal, it's not a guestimate per se, but there is a certain degree of guessing involved. But there are projections that are made on every project, quarter-on-quarter. And they are reviewed. But as you know, if you're tracking this industry closely, have you know, there are a number of factors which can't be planned for. I'll give you an example.

In the last quarter, there was a strike, raw material strike in Bangalore. It lasted for almost a month. So A, not only did it impact our revenues, but it also impacted the pricing. When the crushers restarted again, the transporters hiked their prices by 20%. One.

Secondly, you must be aware of when the work stops during the -- by when it stops in Delhi or NCR by the NGT. Now while that happens every year, this year it happened in fits and starts. It was shut down for seven days and it started, shut down for 15 days, then it started, shut down for 10 days. So factors such as this can't really be planned. These do impact, or do impact margins and that is why and it's not only that they impact one company. they impact construction companies across the board.

Sandip Sabharwal: So I think, all your points are very well taken and in fact if you could in the initial commentary also try to explain these issues then I think the doubt would go away as such. But I think you are right. It's a very good company and I hope you do well in the future.

Shobhit Uppal: Thank you. Thank you Mr. Sabharwal, and your point is well taken. We will, based on our projections and guidance, when we start off the call, we will bring all of you up to date on where we have been found lacking, on where we exceeded our guidance.

Moderator: The next question is from the line of Ms. Deepika from PhillipCapital.

Deepika: Congratulations on decent performance and strong order flow in this quarter. So my first question is regarding the order book. Now we see the most of the new orders are, as you said, are design and build, and the designing is going to take three to four months. So what percentage of order book is executable in quarter 4?

Shobhit Uppal: Sorry, Deepika, can you repeat that? You said what percentage of the order book is executable in quarter 4? Is that what you said?

Deepika: Yes, in terms of revenue, because when the designing is going on, it won't contribute in revenue and margins, right?

Shobhit Uppal: Yes, not much. The revenue is and margin is miniscule for designing. Though we do get some payments when we submit our drawings. It's not a large amount. So as I said, a large part of this [inaudible 0:30:37] happening in the large quarter. We should like to give you an example. We won the redevelopment for Chandigarh and Panchkula railway station. So the designing has been happening for two months, 2.5 months. We should break ground in this quarter on that project.

Similarly, the Central University project in Dharamshala and Dehra in Himachal that also design and environmental approval are through. We should be breaking ground in the month of March there. So I think barring about INR 700 crores to INR 800 crores worth of projects where designing will happen in the last quarter and breaking ground will happen in the first quarter of next financial year, we are good to go on all the other jobs.

Deepika: So these new projects, again on margins, at what margins have you taken these new projects?

Shobhit Uppal: So as I mentioned in response to one of the earlier questions, in some of the newer states, we foraying into, for Bangalore, where we are piggybacking on an existing client, and Assam, the margins should be higher, but in other states, or in Delhi, the margins are roughly on the lines that we are declaring now.

Deepika: Now sir, most of the fixed-price contracts shall be getting over in coming quarters and the new projects will start. So where do we see margins for FY '24 and that's excluding other income?

Shobhit Uppal: So I did mention about 12%.

Deepika: Sorry, you said 12% right?

Shobhit Uppal: EBITDA, yes.

Deepika: Just lastly, the status on NIT Patna and Adani Data center project, you can mention?

Shobhit Uppal: NIT Patna, as I said, this is one of the projects which we won in the last quarter. Design has been approved, we've broken ground, in fact we've started work on the structural package. There are totally about 32 buildings. We have started work on 11 buildings. And the other one, which was the other project you asked about?

Deepika: Adani data center?

Shobhit Uppal: Adani data center is happening. And there, this is not a design-build project. This is just a core and shell project with some finishing items. This has been going on. And total value of our job here is about INR 210-odd crores and we have done a billing of about INR 60 crores. INR 50 crores-INR 55 crores I think.

Deepika: We shall complete this project by this year end?

Shobhit Uppal: Yes, the target is this year and it's proceeding fine. There is no, we've seen no listing from Adani side to slow down the project. All payments are coming in.

Moderator: The next question is from the line of Mr. Vishal Periwal from IDBI Capital.

Vishal Periwal: One question is on management profile and work location between Mr. Shobhit and Mr. Vikas. So how exactly the work is divided between you, sir?

Shobhit Uppal: So the management functions are handled jointly in terms of reviewing of the administrator functions and functions such as supply chain control and audits. All the digitization and such functions are controlled by Mr. Vikas Ahluvalia. As far as regional allocation or control are concerned, Mr. Vikas Ahluvalia is handling Maharashtra He's handling Assam. And he's handling all railway infrastructure projects. We have won one, and we are bidding for a few others. As far as South is concerned, as far as East is concerned and as far as NCR is concerned, that I handle.

Vishal Periwal: And next is on -- I think there was initial commentary. It was mentioned fixed price contractor are 20% of the order book. Was that right now?

Shobhit Uppal: Satbeer, can you comment on that?

Satbeer Singh: I say 20% fixed price contract.

Vishal Periwal: And sir, will you have this number for -- I mean like in maybe 2, 3 quarters -- just trying to understand like how exactly the new order win has been if the number is available.

Satbeer Singh: At the end of the last quarter 20%**.** At the end of last to last quarter also, 20%. And quarter 1, this is 15%.

Shobhit Uppal: Let me also -- and we will -- if you reach out to Satbeer separately, we'd like to clarify this further. Now fixed price contracts in a government or a public sector order means, like, say, NIT Patna, which has just started, right? This is a fixed price contract where there is no escalation. So typically, fixed price in a government order means that there is 0 escalation. But in a private sector, fixed price -- like, for instance, we're doing a project with Bharti Aero City in Delhi. It's a fixed price contract. But for key materials, there are base prices.

Do you understand? So for cement and steel, where the prices are very volatile, either like in Bharti's case, steel is being supplied by them free of cost, right? So they bear the inflation. Cement, there is a base price. So any upward or downward movement of pricing is a pass-through. So this happens typically with a lot of private clients. Say, for Amity, for instance, it's not only these two materials, but a host of other materials, such as tiles, marble, where the escalation in the pass-through.

Vishal Periwal: Maybe I'll connect with Mr. Singh. But when we say 20% of the order book, so this will have both private and public?

Shobhit Uppal: Yes, it would have both. That's why I clarified.

Vishal Periwal: And this is -- one more clarification, sorry, for harping on the same thing. I think the EBITDA margin is bearing in the range of 9.5, 10. we are saying it will be the same number, 9.5, 10, for the full next year, 12%?

Shobhit Uppal: Yes. And we are aiming or hoping to close this year at about 11%.

Moderator: The next question is from the line of Nikhil Kanodia from HDFC Securities Limited.

Nikhil Kanodia: Just wanted to know what is the order book and order inflow?

Satbeer Singh: The order book is INR 8,113 crores, and the order inflow is INR 4,017 crores.

Nikhil Kanodia: Sir, can you repeat the order inflow?

Satbeer Singh: INR 4,017 crores for 9 months ended.

Nikhil Kanodia: What is the commodity guidance for the fourth quarter for order inflow?

Shobhit Uppal: About INR 500 crores.

Nikhil Kanodia: Okay, INR 500 crores.

Shobhit Uppal: Yes.

Moderator: The next question is from the line of Mr. Shravan Shah from Dolat Capital.

Shravan Shah: Shobhit, sir, just wanted to clarify, sir, what you are mentioning in terms of the EBITDA margin. I think you need to mention that it is including the other income.

Shobhit Uppal: Yes, it is.

Shravan Shah: Yes, because the previous participant who has asked, they were looking it without the other income because that's the number normally as the analysts will look at without other income. So that's what even the -- even I think the Parikshit was also mentioning the same number, 9.6%. And you said that we, this quarter, had double-digit. So whatever that we are paying at 12% for next year for FY '24, that is including the other income.

Shobhit Uppal: Yes, it is. Satbeer, we need to clarify this. And whenever any investor reaches out to us, we should be clear. We should mention both actually. We'll try. Correct. Thank you.

Shravan Shah: Or maybe from the next quarter, you can talk about the margin without the other income and other income -- whatever if you want to separately want to mention you can mention.

Management: Also, our other income is also from our operations or related to operations, let me put it back. We don't have any other business. But anyway, I think your point is well taken, Parikshit. We will mention both separately. We will clarify this.

Moderator: The next question is from the line of an Uttam Kumar Srimal from Axis Securities Limited.

Uttam Srimal: Sir, my question pertains to Kota project that transfer project shaping up right now?

Shobhit Uppal: Vikas, you want to answer that?

Vikas Ahluwalia: Kota. Sorry. [Inaudible 0:42:08] I heard something Kota. Can you just repeat? I could not hear you properly.

Uttam Srimal: Yes. This is about Kota project, how that has been shaping up currently?

Vikas Ahluwalia: Kota is now -- we have a nearly 85% occupancy, and the rentals are now coming better. In fact, post COVID the sales at the stores have been much better. And it's picking up. I mean we -- for example, in December, January, we had the highest footfall at around 3.5 lakh people and even on 26th January, it was something similar.

In fact, we are now -- operationally, we have improved the margin. We are operationally profit. What do you -- if you -- it's operationally profitable. Depreciation, if you remove the depreciation from there, then yes, there is an operating profit. And the mall is not sustaining now, in fact.

Uttam Srimal: And one question, Satbeer, please prepare adding presentation last time also, I requested for the earnings presentation. This time also, we have not got the earning presentation from your side.

Satbeer Singh: We have uploaded already. You can see that.

Moderator: The next question is from the line of Ashish Shah from Centrum Broking Limited.

Ashish Shah: Sir, my question is that while we have given some indication of the margins, in terms of the capital intensity of our business -- so we have a fairly light capital business. Our asset terms, gross asset terms are probably exceeding 6x. And so even at a margin of where we are, we do like 16% to 17% ROE. The question is that as we get into newer segments or newer states, is this a character of the business that will maintain or we'll tend to invest more in capex and probably become a little more asset savy, than what we have been in the past?

Shobhit Uppal: Right. Please go ahead, Ashish.

Ashish Shah: So sir, my question was that while you have indicated the level of margins to expect at the EBITDA level, but also on the capital intensity of the business, so we have a fairly high asset term. And despite the margin with us of 10%, we still manage probably 16%, 17% ROE thereabouts.

So do we -- as we diversify, as we get into newer states, as we get into newer segments, do we maintain this kind of capital intensity, a very light capital intensity business or incrementally, we'll have to invest more in terms of capex, more in terms of working capital as well? So even though our margins may go up, but the capital intensity in the business will actually increase. I mean how to look at it from a 2- to 3-year horizon?

Shobhit Uppal: So yes, I did mention that the last quarter, we've invested close to about INR 40-odd crores because we forayed into newer geographical locations. And -- but I think this will slow down now. We will -- in the last quarter, it will be about -- in this Q4 that is I'm talking about be at INR 8 crores. And I think our geographical footprint will not increase as much.

Now going forward, we are already in 16 states. So you know we want to tread cautiously. So in the following year, to be specific, in FY '24, the capex will be lower than what we've done this year or what we're going to do this year.

Moderator: The next question is from the line of Mr. Rajat Setiya from I- Thought PMS.

Rajat Setiya: Sir, with regards to the Kota project, any thoughts about selling that project at whatever that you need and deploy at the same capital in our own business where we can generate return on capital, so 15%, 20%.

Vikas Ahluwalia: So we are not investing in Kota anymore. Again, like I said, depreciation is something that you consider, but now the mall is a self-sufficient. In fact, I would also like to state that we are probably the first mall in Kota where we are running all the common area electricity on solar. So our electricity bill, which is one of the highest consumptions of capital or bill or whatever it is, is coming down significantly. So that is also adding to the margin profit.

Rajat Setiya: Sir, I mean, economics is certainly improving, and you are doing your well there, but we are -- at the end of day, we are not in the business of running them all. So how do you look at that aspect? I mean it's an asset in our books, which is completely non-core from the point of view.

Vikas Ahluwalia: Yes. That part, I agree. So sometimes back, we did try to operate off our balance sheet, but it could not happen. So probably, when the revenues start getting better, if there is a heavy interest from somebody, then we will look at the transaction.

Rajat Setiya: And the second question is about the investment property are worth around INR 110 crores. I think some of that would be Kota project as well, right?

Satbeer Singh: Yes. It's only Kota.

Rajat Setiya: It's only Kota?

Satbeer Singh: Yes.

Moderator: Now we go to the last question from the line of Mr. Shravan Shah from Dolat Capital.

Shravan Shah: Satbeer, sir, wanted to know any progress in terms of the land monetization of 4.7 acres that we have in Kolkata. So we were looking at previously either force priority was to sell or then last was to develop. So any progress, anything we want to set?

Shobhit Uppal: At the moment, it's status quo. But once we get clearances, that something that moves at its own pace in this state of Bengal. We will, in all probabilities, develop it because the upside is going to be better that way. It's very strategically located now. You have a metro station. You have a mall, and you have a couple of large residential complexes along side. So at the moment, it's status quo.

Shravan Shah: But now we will look to develop ourselves and not to sell the land. So just trying to understand, so whenever...

Shobhit Uppal: So we did not summed up policy. We are -- we have started looking at how to get various approvals. But our initial -- this thing -- research shows that the margins are going to be much higher. Our returns are going to be much higher if we develop it ourselves. But it's not from that idea. The land is there. It is there. Okay.

Shravan Shah: Yes. True. But whenever we form up our decision to develop, then in terms of what broad -- in terms of the equity that we are looking at to invest...

Shobhit Uppal: We've not talked about it. There can be various models. As and when we firm up our cost purchases, when we can tie up to the developers, outright sale as we stand now because we don't really need those funds, I don't see outright sale attractive to us.

Shravan Shah: My concern was if we will go into that asset heavy model in terms of going from the pure construction to the developer also model, will it...

Shobhit Uppal: No, no. That is -- that we don't -- it's not that we will grow and become a developer and start developing projects. Since this is a land, which has appreciated significantly in value, we may, as a one-off, develop it either on our own or in partnerships with local development.

Moderator: That was the last question. I now hand the conference over to Mr. Prem Khurana for the closing comments.

Prem Khurana: Yes. Thank you. Thank you very much for giving us an opportunity to host you all. Shobhit, any closing remarks that you would like to make?

Shobhit Uppal: No, no. Thank you so much, everybody, for joining in and look forward to connecting with all of you again after the last quarter of this financial year. Thank you. Thank you so much.

Vikas Ahluwalia: Thank you. Thanks a lot. Have a great day.

Moderator: Thank you very much. On behalf of Anand Rathi Share and Stock Brokers, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.