



“Ahluwalia Contracts (India) Limited
3QFY26 Earnings Conference Call”
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MODERATOR: **MR. SUDEEP BORA – AMBIT CAPITAL**

Moderator:

Ladies and gentlemen, good day, and welcome to Ahluwalia Contracts India Limited 3QFY26 Earnings Conference Call hosted by Ambit Capital Private Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star the zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sudeep Bora. Thank you, and over to you, sir.

Sudeep Bora:

Good afternoon, everyone. On behalf of Ambit Capital, I thank the management of Ahluwalia Contracts India Limited for the opportunity to host the 3QFY26 earnings conference call to discuss the results, I'm

pleased to welcome Mr. Shobhit Uppal, Deputy Managing Director; Mr. Vikas Ahluwalia, Director; and Mr. Satbeer Singh, Chief Financial Officer. Now I invite management to discuss key highlights of the quarter, post which we'll open up for Q&A. Thank you, and over to you.

Shobhit Uppal:

Hi. Good afternoon, good evening, everybody. Ahluwalia Contracts (India) Limited has announced its financial results for 3QFY26. During 3QFY26, the company achieved a turnover of INR1,060.72 crores and a PAT of INR54.02 crores, compared with a turnover of INR951.96 crores and a PAT of INR49.39 crores during 3QFY25.

The company has registered a 11.43% growth in turnover and a 9.38% growth in PAT during 3QFY26, compared to the corresponding quarter FY25. EPS of the company for 3QFY26 is INR8.06 compared to INR7.37 in the corresponding quarter FY25. During 3QFY26, the company's EBITDA margin was 9.05%, up from 8.86% in 3QFY25, and its PAT margin was 5.02%, down from 5.11% in 3QFY25.

During the 9 months of FY26, the company achieved a turnover of INR3,242.90 crores and a PAT of INR184.18 crores, compared to a turnover of INR2,882.79 crores and a PAT of INR118.35 crores during the corresponding 9 months of the last financial year, FY25. EPS of the company for the period of 9 months FY26 is INR27.49 as compared to EPS of INR17.67 during the period of 9 months FY25.

During the 9 months of FY '26, the company's EBITDA margin is 9.59% compared to 7.57% in the 9 months of FY '25, and its PAT margin is 5.6% compared to 4.05% in the 9 months of FY '25. Net order book of the company as on 31st December 2025 is INR18,679.50 crores to be executed in the next 2.5 to 3 years. Total order inflow in FY '26 year-to-date is INR9,562 crores.

Thank you. We are open to take questions now.

Moderator:

The first question is from the line of Vaibhav Shah from JM Financial.

Vaibhav Shah:

So firstly, given the margins and the execution in 9 months, so how do you see the annual revenue for FY '25 -- for FY '26, you're targeting around 15% to 20% kind of growth.

Shobhit Uppal:

No, more like anywhere between 10% to 15%. Margin projection is what I had given last time. It will be double digit. But December, January have been impacted by NGT and project closures in Delhi. And as nearly 44% of our order book comes from Delhi, that's impacted the top line a bit. And we are expecting slight disruption in March also this time because Holi is earlier this time. So yes, anywhere between 10% to 15% top line.

Vaibhav Shah:

Sir, and for next year?

Shobhit Uppal:

Next year, it will be 15% to 20%...

Vaibhav Shah:

Okay. Sir, given the very strong order book and you mentioned that the orders are to be executed in roughly 3-odd years. So can the growth be even higher? Are we being conservative for '27?

Shobhit Uppal:

Vaibhav, you asked me this every time. We are being slightly conservative. Yes, the order book is—it was healthy last time around. It's healthier now. We've given a projection of about INR8,000 crores worth of order book in this inflow -- fresh order inflow in this year. We've crossed that. It's at about INR9,500 crores. So yes, we are being conservative when we are saying 15% to 20%.

Vaibhav Shah:

Okay. Sir, secondly, on a few key projects. So, when do we expect to start work on the Gem & Jewellery Park?

- Shobhit Uppal:** We will start it in Q1 FY '27. I mentioned last time around also in April, I said we'll start -- the drawings -- approvals are coming in now, and the client is in the process of handing over a part of the site to us. There was an overburden of earth, which was to be removed by the client. They have already done that substantially. And 30% to 40% of the area, they are in the process of handing over to us, which should happen in the next month, and we should start the work.
- Vaibhav Shah:** Any target that we look for this project in FY '27 in terms of revenue?
- Shobhit Uppal:** Definitely. Gem and Jewellery Park, definitely. As I said, work will start in 1QFY27. Actual billing will start.
- Vaibhav Shah:** Can you do this 30%, 35% kind of execution which you are targeting earlier for '27?
- Shobhit Uppal:** Sorry, come again, 30%, 35%, what? Sorry?
- Vaibhav Shah:** For FY '27, what kind of revenue are we targeting from this project?
- Shobhit Uppal:** Of the total value of the project, I think it would be to the tune of about 20% -- 20% to 25%.
- Vaibhav Shah:** Okay. And sir, secondly, on CSMT, we have seen some weakness in execution in Q3 compared to the month -- quarterly run rate of last 4 quarters. So how do you say for the entire year and for next year?
- Shobhit Uppal:** I think totally, we had projected that we will execute in this financial year, we would be executing anywhere between INR300 crores and INR350 crores worth of work on CSMT. And we are confident we will be doing that. The work progress has picked up there. And so we should be meeting that target. As far as the next financial year goes, we should be doing a work of about INR700 crores there.
- Vaibhav Shah:** Okay. And sir, lastly, one data point. So order inflow number is INR9,562 crores. So of this, what would be the value ex of GST?
- Satbeer Singh:** Out of this INR9,562 crores, INR603 crores.
- Vaibhav Shah:** INR603 crores GST value?
- Satbeer Singh:** GST value.
- Shobhit Uppal:** Yes.
- Moderator:** The next question is from the line of Lakshmi Narayanan from Tunga Investment.
- Lakshmi Narayanan:** See, when we had a call in the third week of November, we were confident of growth of around 15% to 20%. And did you anticipate that this would actually get toned down to 10% to 15%? Or what actually happened in the last 5 to 6 weeks of Q3? That is my first question. The second question is that one of our key accounts, Signature Global, they called out some bit of slowness in their projects, particularly the Sector 37D Sarvam. I don't know whether we are working on the DLX...
- Shobhit Uppal:** We are working. Yes.
- Lakshmi Narayanan:** Sarvam DLX we are working?
- Shobhit Uppal:** We are working on DXP, Deluxe. Signature 37D, not the new one. New one is the name that you took, we are not working on that.

- Lakshmi Narayanan:** Okay. Okay. And also...
- Shobhit Uppal:** I think what they -- sorry to interject, but this is Sarvam -- what was the name that you said?
- Lakshmi Narayanan:** Yes. They talked about the Project Sarvam, which was launched in December 2025.
- Shobhit Uppal:** They are talking about a slowness in sales there. I don't -- so that's why we are not associated with that job, nor have we bid for that job.
- Lakshmi Narayanan:** Got it. And also a larger question because we have -- DLF is also a large, important client. And what is your sense of the entire market? I think last time also, you said that we are somehow ring-fenced ourselves from any particular slowdown or any particular cash issues with any of the developers.
- Can you just elaborate a bit more on that? So these are my 2 questions. One is what happened between November 17 and December end, which led to seemingly underwhelming guidance from where you started. Is there something that really happened? And then the second is in terms of the Gurgaon stuff?
- Shobhit Uppal:** Yes. So first question, this -- as I mentioned to Vaibhav in response to the question that he asked, the NGT impact this year has been -- has been more prolonged, so to say. Since 44% of our order book is from NCR, December and January have been impacted. Even the first week of February was impacted as far as the project closure on account of pollution was concerned.
- And this time, March, the Holi festival is in the first week of March. So generally, what we've seen in the past is that 3 or 4 days before the festival, the labor force starts going back to their hometown, and then it takes about a week for them to come back. So March is also going to be impacted. That's why we have reduced our projection by 2, 3, 4 percentage points as far as the top line is concerned.
- As regards ring-fencing or our exposure to the slowdown as far as sales of residential buildings or projects is concerned, I had mentioned last time around that we have now slowed down as far as bidding for further residential projects is concerned, we feel that out of our total bouquet of projects, residential is quite a bit. So we are now focusing on institutional projects, airports, hotels, or commercial projects.
- Residential is not a focus area for us, especially in NCR. Having said that, the projects that we are working on, be it with DLF, as you mentioned, we have not seen any sort of issues with payments. DLF is obviously the premier development company in the country. Even with the likes of SmartWorld or Emaar, all the projects that we are executing were launched more than 2 years ago, RERA being in place, I don't see -- we've not felt any financial issues with all the clients that we are working for on these residential projects in NCR.
- Lakshmi Narayanan:** Got it. So just to understand, so the RERA ensures that the cash flows are restricted to that project and it is not actually taken out for any other things, right? So it...
- Shobhit Uppal:** Yes. In fact, it also puts pressure on the developer to sort of ensure that the projects are delivered in time. So we continue to face those pressures from developers to execute faster and build faster. And as I said, we've not faced any cash flow issues from these developers.
- Lakshmi Narayanan:** And just on the NGT thing, right? And it seems to be a recurring phenomenon every year, right? So if that is the case, is it that -- how do we build in, in our growth expectations internally? I mean, how do you realign yourself because this is happening maybe consecutively for the second or maybe third year also. And I mean, we have 44%, 45% in NCR region, and that's something which will be there for the next 2, 3 years also. So is it fair to assume that that's something which is a given -- and I mean, is there any way in which you can address this?

Shobhit Uppal:

So you're right, it's pretty much become a part of the annual calendar, especially the third quarter of the financial year. But having said that, because it's become a part now, all the constituents of the ecosystem have become alive to it.

And we are all constructively brainstorming as to how to mitigate the impact of this, how to sort of sensitize the powers that, be it the courts or the government, be it the state governments or the central government, the impact that this is having on the livelihoods of the workers involved with our industry.

And we are reasonably hopeful that in the coming years, this impact is going to be mitigated with the measures that we are taking on the projects to ensure that our -- we are not contributing as much to pollution as the popular notion is.

We are sensitizing the governments to this fact also. And the most important point is the -- all of us, be it the developer or be it the contractor or be it the bureaucracy, we seem to be getting aligned on this point. So we are hoping that in the coming year or years, the disruptions are not going to be as much as they have been in the last 2, 3 years.

And this year has been a little more peculiar in the sense that right from the festive season, onwards, the disruption started. So -- and now wholly, as I said, is also earlier. So this impact starting from Diwali from October till January, January end has impacted our top line performance.

Lakshmi Narayanan:

Just one more question. See, sometime back, maybe a year back or maybe 3 quarters back, you mentioned that there's a nonavailability of workers and especially post elections, you couldn't get them assembled, etcetera.

Now I mean, how have you taken -- I mean, have any steps have been taken by the industry or by yourself so that we have -- we will have some UP elections coming next year and so on and so forth. So, how do you ensure that the labour availability at the right time, at the right amount, is actually taken care of? Or it's still that's a lurking issue at your end?

Shobhit Uppal:

It's actually a full-blown issue. It's not a lurking issue. And -- but again, the slight advantage of this becoming such a large issue is that, again, all of us are aware of this fact now. It's not -- in the day, it's gone by, it was only the contractor who used to grapple with this issue. Now everybody is aware. More importantly, the clients are aware of this. The governments are aware of this.

And so what is happening is that there is -- this is leading to greater standardization, wherein we can do a lot of work offsite, use more mechanization to reduce the impact on -- or reduce the dependency on labour. And then training is also something that we've started, but that's in a very nascent stage. Have I answered your question?

Moderator:

The next question is from the line of Parvez Qazi from Nuvama.

Parvez Qazi:

So first, I mean, on this NGT issue, assuming, let's say, if it had not been there, what kind of execution would we have done in Q3?

Shobhit Uppal:

What kind of execution -- we would have stayed on course for a 15-plus percent growth in our top line.

Parvez Qazi:

Sure. Secondly, on -- I mean, on the payment, etcetera, how do you see things now, especially from the government departments in some of the other segments of infra, we have seen a slowdown in payments in FY '26. So, how is the situation in your government-funded projects?

- Shobhit Uppal:** We really -- a lot of our -- or most of our government-funded government projects are central government projects. We are not really seeing much of a problem there. Other than in the odd project here and there, like we're doing a central university project in the state of Himachal Pradesh, which is partly funded by the state and partly by the center. So, there we are, facing some challenges. That project is nearing completion. We are hoping to complete it in Q1 of FY '27.
- So there is a bit of a challenge there. We completed another hospital for the center and state government in, again, Himachal. The final payment has been stuck for a while. So yes, with the state of Himachal, there is a bit of an issue. And we are also seeing some issues with the state of Assam. I think that's also due to the fact that the machinery there has slowed down a bit on account of the impending elections. Otherwise, we don't -- we haven't seen. All our other slow-moving projects, be it for the state of Bihar or other states, they are okay now. We've got our payments.
- Parvez Qazi:** Sure. And a couple of data points that I needed from Satbeer-ji. What is our current gross debt level, I mean, gross borrowings?
- Satbeer Singh:** Gross borrowing is INR22 crores, approximately.
- Parvez Qazi:** What would be the cash level that we have currently?
- Satbeer Singh:** Cash balance is INR253 crores, and bank balance is INR587 crores.
- Parvez Qazi:** What is the capex that we have done in...
- Satbeer Singh:** In 9 months, we have incurred around INR193 crores.
- Parvez Qazi:** Okay. And apart from this order book, are we L1 in any other project?
- Satbeer Singh:** Yes, we are L1 in four projects. This is amounting to INR2,485 crores approx.
- Parvez Qazi:** Sure. Last question, what is the status of the Chandigarh station redevelopment project? Has work picked up there? Or I mean, what is the status now?
- Shobhit Uppal:** So Chandigarh station is nearing completion. We are targeting to complete it in Q1 FY '27. The 2 stations, Panchkula and Chandigarh, have already been completed, and we have offered the client to take them over. And the platform work is also substantially underway. And as I said, in somewhere by May, we should be completing it.
- Moderator:** The next question is from the line of Mahesh Patil from ICICI Securities.
- Mahesh Patil:** Sir, my first question is on the DLF Dahlias project. I think last time we guided for more than INR100 crores of revenue in this fiscal and around INR3 billion to INR3.5 billion next year. So are we on track for that for this year?
- Shobhit Uppal:** No. This year, it will be about 40% of that because new earthquake codes were put in place, and DLF has redesigned or is in the process of redesigning or doing the structural design again. So that is why a lot of work had to be redone, obviously, at the client's cost. So that is why our target is going to be -- our turnover is going to be lesser by March end. But we should be -- post Holi, we should be in a position to take up the work in real earnest. The designs are coming in as we speak.
- Mahesh Patil:** And sir, what is the estimate for FY '27 from this project?

- Shobhit Uppal:** From Dahlias for the next financial year, it remains what we had said last year.
- Mahesh Patil:** Okay. And sir, this pollution issue, are we facing any challenges in the current month as well, or -- because I think the last...
- Shobhit Uppal:** You're not very clearly audible. Repeat that, please?
- Mahesh Patil:** Sir, I was asking in the last con call in November, we highlighted that till that date, we were around 11% of margins. So apart from this GRAP issue, anything else that impacted our revenue and margins this quarter?
- Shobhit Uppal:** Primarily it was GRAP only, as I said.
- Mahesh Patil:** Yes. And sir, was there any impact of this issue in the base quarter last year, Q3?
- Shobhit Uppal:** The impact of GRAP you're talking about?
- Mahesh Patil:** Correct -- in the last year.
- Shobhit Uppal:** It was there, definitely, but it was lesser since our exposure now has increased to the NCR market.
- Mahesh Patil:** Okay. So you mentioned around 40% of the order book is...
- Shobhit Uppal:** Yes, more than 40% is now from NCR.
- Mahesh Patil:** And sir, for next year, if I may ask, what would be our revenue estimate from this NCR region for FY '27? Any ballpark number?
- Shobhit Uppal:** We are in the process. It should be about 40%...
- Mahesh Patil:** 40% of revenue estimate -- okay.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, a couple of questions and clarifications. So in the fourth quarter, how much are we looking to do kind of revenue, INR1,400-odd crores kind of a revenue that we are looking at in this fourth quarter?
- Satbeer Singh:** Yes, exactly. It would be 10% to 15%.
- Shobhit Uppal:** Yes, about INR1,400 crores, yes.
- Shravan Shah:** Okay. And next full year, then we should be doing 20% to 25%?
- Shobhit Uppal:** I said 15% to 20% earlier.
- Shravan Shah:** But some recoup should be there in the FY '27, given the inflow is also on the higher side, sir?
- Shobhit Uppal:** Yes, it should be. I had also mentioned that this is a conservative estimate, that I think the recovery, what we've sort of lost out 3, 4 percentage points, should be made up in the next financial year. That's why I said 15% to 20%.
- Shravan Shah:** Okay. And the margin for fourth quarter...

Shobhit Uppal: In our project -- just to put things in context, more so with the Central Vista project, which has come in, which is a fast -- which is a fast-moving project, will be a fast-moving project. And that is one project which the Central Vista projects are insulated from the GRAP impact. So that should also contribute substantially to our turnover next year.

Shravan Shah: Yes. So I was about to ask that only. So this out of this...

Shobhit Uppal: I know you well. That's why I preempted you.

Shravan Shah: So roughly, how one can look at -- so the overall timeline for Central Vista is 24 months, and in FY '27, can we see kind of a 40-odd percent of this INR2,600 crores?

Shobhit Uppal: Yes, that's what -- initially, there is -- time is going to be taken by designing. It's a large project. It's a very complex project. So designing has already started. We are awaiting clearance from the authorities. These are important buildings that have to be demolished. They have not yet been vacated. So we should be billing at least 30% plus this year.

Shravan Shah: Okay. Got it. And in terms of the margin, Q4 and next year, 10% is doable, or we can see even...

Shobhit Uppal: Definitely doable.

Shravan Shah: Okay. Okay. But a possibility towards 10.5% is there for next year?

Shobhit Uppal: That's 6% to 10%.

Shravan Shah: Okay. Okay. And just to clarify, this INR9,500 crores plus order inflow, so this is excluding the GST you're saying?

Shobhit Uppal: GST is included in that INR603 crores.

Shravan Shah: INR603 crores.

Shobhit Uppal: Yes, is included in the figure of INR9,562 crores.

Shravan Shah: Okay. Okay. So if you remove that, and broadly INR8,900-odd crores.

Shobhit Uppal: Yes.

Shravan Shah: Okay. And the L1 that we said INR2,485 crores, so that is also excluding GST or including?

Satbeer Singh: That is also including GST because most of that government projects and that including GST.

Shravan Shah: Okay. And so these are 3 projects. So last time we were having the 2 projects, Bhubaneswar University and RML Hospital, Delhi.

Shobhit Uppal: These are 4 projects.

Shravan Shah: Can you sir name it, all these 4 projects?

Shobhit Uppal: One is RML, one is Odisha University, one is Assam Judicial Complex, and one is Kota Airport.

Shravan Shah: Okay. And lastly, sir, balance sheet details, inventory, debtors, trade payable and mobilization retention and unbilled...

- Satbeer Singh:** Debtors are INR638 crores, retention program INR431 crores, mobilization INR729 crores, and creditors INR738 crores.
- Shravan Shah:** Sorry, INR738 crores is what?
- Satbeer Singh:** Creditors.
- Shravan Shah:** Creditors, INR738 crores, yes.
- Satbeer Singh:** And Inventory INR359 crores, and unbilled revenue INR639 crores.
- Shravan Shah:** INR639 crores. In terms of the capex in the fourth quarter, how much more -- INR193 crores we have done, how much more we will be doing...
- Satbeer Singh:** In this quarter, we have incurred INR55 crores.
- Shravan Shah:** INR55 crores more.
- Shobhit Uppal:** About INR100 crores. INR100 crores.
- Shravan Shah:** Okay. total. So around INR300 crores for the entire full year.
- Shobhit Uppal:** Yes.
- Shravan Shah:** And next year also similar INR300 crores?
- Shobhit Uppal:** Yes. Next year also similar. It's similar. It should be lesser actually because the order inflow that we've had now, we more or less -- by the end of March, we would have catered to the capex for those projects.
- Shravan Shah:** Okay. And sir, this L1 most likely will be converted into LOA by this March, this INR2,485-odd crores?
- Shobhit Uppal:** I can't say on all these jobs. Really, it's very difficult because, as we've seen, sometimes with government projects, especially state government projects, it takes a long time.
- Shravan Shah:** Okay. So next year, then apart from this, the prior, if I have to look at, can one look at INR8,000 crores, INR9,000 crores, similar run rate in terms of inflow for FY '27?
- Shobhit Uppal:** As I said, we are picking and choosing our projects. We have focused on -- residential is not there. So I think logically speaking, next year, the inflow will be slightly lesser.
- Shravan Shah:** INR5,000 crores, INR6,000 crores?
- Shobhit Uppal:** Yes. Because our focus is going to be on increasing our efficiency and increasing our margins, and delivering on the projects that we have bagged in this year and last year.
- Moderator:** The next question is from the line of Sandip Sabharwal from ASK Investment.
- Sandip Sabharwal:** I just wanted to find out about this new Labour Code provision. So most companies actually put this as an extraordinary expense. You have, I think, included it in the labour salary and wages. So ex of that, if we have to see what would have been the margins in the PAT, have you done some calculations?
- Satbeer Singh:** INR1.31 crores that have been factored during these 9 months due to the introduction of the Labour Code.

- Shobhit Uppal:** Satbeer is saying the impact till December is INR13.1 crores.
- Sandip Sabharwal:** It's INR1.31 crores. It's not INR13 crores.
- Shobhit Uppal:** No, INR1.31 crores.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** Sir, what would be our bid pipeline as of now?
- Shobhit Uppal:** Bid pipeline as of now is about INR7,000 crores.
- Vaibhav Shah:** Okay. And sir, in your guidance, INR5,000 crores to INR6,000 crores of inflow, does it include the L1 orders as well, of around INR2,500 crores?
- Shobhit Uppal:** Yes, it does.
- Vaibhav Shah:** So likely conversion would be in next year?
- Shobhit Uppal:** Yes.
- Vaibhav Shah:** Okay. And sir, secondly, on the Bihar Animal Husbandry project, so when do we target to complete the project?
- Shobhit Uppal:** In FY '27.
- Vaibhav Shah:** The run rate has dropped down in last 2 to 3 quarters.
- Shobhit Uppal:** Yes, because the area -- it's an existing campus. So the new buildings are coming up as and when they are handing over or vacating existing old buildings. They are being demolished, and the new ones are being constructed. So in the last 1.5 quarters, the vacation of these buildings has slowed down. But this will definitely be completed in FY '27 because part of the complex in this quarter has been inaugurated by the honorable CM, and he's announced a date for completion of the entire campus. So we are reasonably confident that in the next year, it will be completed.
- Vaibhav Shah:** Okay. And sir, lastly, on Gem & Jewellery. So when do we -- what is the timeline of -- what is the tenure of construction, and when do we intend to complete the project?
- Shobhit Uppal:** I think the timeline -- Vikas is on the call. Vikas, are you there? Do you want to answer this question?
- Moderator:** Sir, Vikas sir, is not online.
- Shobhit Uppal:** Okay. Never mind. The period for the completion of this job is about 3.5 years, if memory serves me right. And as I mentioned earlier, we are going to start billing in Q1 FY '27. The work will start on the ground. Since this is an EPC job, engineering is already happening.
- Moderator:** The next question is from the line of Rajat from iThought PMS.
- Rajat:** Sir, with regards to CSMT projects, is there any delay relative to the original timeline?
- Shobhit Uppal:** Yes, there is a delay. There is a huge delay. And so we've -- as I had been explained in the earlier calls, the entire design of this project had to be redone because the design -- conceptual design, which was given by

the tender, was not tenable. Certain aspects of that design were not tenable on the ground. That designing is complete, work is now moving at a fast clip there. That's why there's a delay.

Rajat: So, can that result in any cost overruns for us, like lower margins in this project for us?

Shobhit Uppal: So yes, there has been an impact on the cost. But as we move along, we are hopeful that some of these costs will be mitigated either through extra work or through an extra claim.

Rajat: Okay. And can there be any synergies as well?

Shobhit Uppal: No, we've got the extension of time owing to the delays till now, which are not attributable to us, and have been granted.

Rajat: That has been amicably agreed upon?

Shobhit Uppal: Yes. What happens in all government contracts is that there is a hindrance register, which is maintained and which is jointly signed off, which helps establish the delays, which are not attributable to the contractor. Generally, these are finally quantified towards the end or the last stage of the project. But in this project, since the delays have been quite large and very obviously not attributable to us, up until now, the extension of time has been granted.

Rajat: Sure. And the margins on this project were the same as company-level margins going into the project, or since it was a marquee project, we went at a lower margin?

Shobhit Uppal: No. These were similar to the company-wide margins that we target. In fact, because the competition on this job was lesser since because of the scale of the job, only the larger players were there. So we had bidding with the same margin that we keep for other projects or other blue-chip projects. I think have I answered your question or something left?

Rajat: Yes. Yes, sir. And one more related to this. Given it's a very complex project and a lot of traffic at the station, so do you envisage any delays in execution because of that reason in the future?

Shobhit Uppal: You are right because while the buildings, the greenfield buildings, the DRM or the node -- the building or the other buildings, they -- we don't envisage any delay, further delay. But platforms or doing them up for the concourses, that depends on the shutdown, which is given to us. So it's very hard to predict. But yes, generally, going by our experience at Chandigarh railway station, there may be some delays there.

Rajat: Okay. And those delays, I mean, can again cost overruns, or has that been budgeted in? Or how is that?

Shobhit Uppal: Those have been budgeted in to some extent.

Rajat: Okay. All right. And sir, you just mentioned that Gem & Jewellery will start from April, and the original timeline was probably 2.5 years to 3 years. So that timeline will begin from April, or it has already started from the time...

Shobhit Uppal: It will begin from April. It will begin from April.

Rajat: It will begin from April. Okay. Okay. Understood. And one last one. Given the pollution-related construction ban in Delhi has been happening for the last 2, 3 years, and it is affecting our top line growth and the guidance that we give, we need to revise its downward, now my question relates to the next year where we are seeing -- where we are saying 15% to 20% growth. So do you think that we might have to

again revise its downward or we are budgeting in 10 or 9 months of construction activity only in Delhi, while we give this guidance for FY '27?

Shobhit Uppal:

No, no, we are not budgeting in only 10 or 9 months of this thing. What I had said earlier was while some impact will be there, but we are hopeful that this year or next year, because the entire ecosystem is totally sensitized and much more aware about this issue, every constituent of this ecosystem is working to mitigate its effects. So we are hopeful that this time around, the effects will be lesser, much lesser.

Rajat:

Sure, sure. I hope so. And that's the case because we were hoping that FY '26 will also have much lesser impact, but it turned out to be the opposite. So just...

Shobhit Uppal:

You're right. And it's not only impacted the top line. It's also impacted our profitability because while we bagged a lot of large orders and to execute those large orders, our overhead costs had also gone up. So in the short term, our profitability has been hit. But the silver lining is that now going forward, not only are we well stocked on our order book, but we are also well equipped every which way to ramp up our execution speed. So hopefully, next year, we will make up -- we are very optimistic that we'll make up the shortfall that we've encountered this year.

Moderator:

The next question is from the line of Ankit, an Individual Investor.

Ankit:

So I just wanted to check on -- while I see the results for this quarter, I see a subcontract work as well as other expenses are substantially high, almost 30% year-on-year, which are very similar to our quarter 2 numbers. So the first question is, is there a substantial reason to it apart from the NGT issue, which has been discussed already?

Shobhit Uppal:

Just a second, please. Let me take a look at the numbers.

Satbeer Singh:

You are asking about in comparison to which quarter?

Ankit:

The same quarter last year, sir, the subcontract work as well as other expenses.

Satbeer Singh:

Just if you have to see including cost of material and other expenses subcontract, then you will find that at par because our PAT is also approximately on the similar line, 6.90% was last year and now 6.85%.

Ankit:

Right. So that has...

Satbeer Singh:

Basically, you have to include entire thing, subcontract, construction expenses and cost of material, then you will find appropriate answer.

Ankit:

Fair enough. Fair enough. The second question I just had was there have been news of lately on increasing steel prices. Does that impact you on quarter 4 onwards? Or are we -- because in the last call, we discussed that we will use -- or we normally use our cash positions to sort of hedge against the supply chain costs. So is there something which we see as an inflation in terms of raw material costs? Or have we already hedged it?

Shobhit Uppal:

No, the inflation definitely is there. But in the pricing of cement and steel, this is passed through because in all our contracts or most of our contracts, there are base prices for these materials. But there is an indirect impact on account of increase in steel prices because of the other material or equipment that we buy, be it tower cranes, be it mixers, transit mixers, so on and so forth, scaffolding, aluminium shuttering, there is an impact on account of this pricing.

Moderator:

The next question is from the line of Samrat Sarkar an Individual Investor.

- Samrat Sarkar:** Yes. Sir, I just wanted to know why your other employee expenses are as compared to your percentage of revenues is so high this quarter or as compared to last year?
- Satbeer Singh:** It's just basically provision as per the ECL method has been made around INR3 crores. That's why there is a slight difference.
- Samrat Sarkar:** Okay. And when do you expect this -- your operating margins to be 10% from which financial year onwards?
- Satbeer Singh:** Yes, this year would be double digit.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, how much value of projects that we have already bid and -- outcome is yet to come?
- Shobhit Uppal:** Shravan, that's a number that we don't have handy at the moment. L1, we've already told you it's INR2,485 crores. The other value is more on the private sector side. Can we get back to you on that number? It's not going to be substantial. As I said, we are not focusing on the government -- or sorry, on the residential side. So primarily in the government projects in that L1 is included, we've already given you the number. The government projects tenders which are not open, I don't have that figure handy. We'll get back to you on that.
- Shravan Shah:** No issues. And the private government order book share, which is at 68%, which is private. Last time we said that we want it to reduce to 60%?
- Shobhit Uppal:** Actually, it's even now, if you take the Central Vista, which has come in after December. Yes, it will be about 60:40.
- Shravan Shah:** So now we will keep it at this level or we want it to 50-50 going forward?
- Shobhit Uppal:** Going forward, 50:50 nearby, but it can -- it's very difficult to say whether it will be 55:45, whether it will be 60:40 one way or the other or 40:60, but it will be quite even.
- Moderator:** The next question is from the line of Rahul Kumar from Vaikarya Fund.
- Rahul Kumar:** Just one question, sir. Is there any impact of the New Labour Code on [inaudible 0:50:29] and if yes, how do you see.
- Satbeer Singh:** I think we have answered this question.
- Shobhit Uppal:** INR1.31 crores in absolute numbers up to December.
- Rahul Kumar:** I understand, sir. This is for our employee base, right? I was just wondering the outsourced labour.
- Satbeer Singh:** That will include outsourced labour.
- Rahul Kumar:** Okay.
- Shobhit Uppal:** Outsourced labour is generally we -- for labour rate works, we have petty contractors, right? And there the -- it's rate per unit, which is where the work is contracted out to them. So this impact going forward is in the rates that is agreed with them. So it becomes very difficult to quantify this. Am I -- have I been able to articulate, have you understood?

- Rahul Kumar:** Yes, sir. Understood. I was just trying to understand from a bidding point of view or pricing point of view for going forward, how does this impact us.
- Shobhit Uppal:** So as far as labour is concerned, due to its scarce availability and diminishing skills, the quarter-on-quarter, the -- when we bid for a job, we see -- we are seeing that the unit rates are on the increase every 3 months or 4 months, and they are far more than what the governments are recognizing. So we are putting - - we are sort of accounting for this increase based on the past data, past 1 year or past 2 years. We are extrapolating that data and using it to sort of hike our bids also.
- Moderator:** The next question is from the line of Munir Chamadia an Individual Investor.
- Munir Chamadia:** In the Q2 presentation, year-to-date order was INR4,374 crores. And in Q3 presentation, it is INR9,565 crores. And in the meanwhile, we have just -- we have received 2 orders of INR3,070 crores and INR888 crores. Still there is a difference of around INR1,200 crores. So have we received any other order?
- Shobhit Uppal:** We'll need to -- I don't have that data handy. But Sir, you can reach out to Satbeer. We will provide you that detail.
- Moderator:** The next question is from Ankit, an Individual Investor.
- Ankit:** I just wanted to ask a couple of points. One is on quarter two presentation, we had mentioned Whiteland Corporation is around -- order value of around INR1,065 crores, which has in the quarter 3 presentation has come up to be INR821 crores. So is there a change here? That's the first question.
- Shobhit Uppal:** I think there is a mismatch. The INR1,060 crores includes GST. The INR821 crores is without GST.
- Ankit:** Okay. Okay. And the second question was what type of benefits, in terms of operational, financial, or any other organizational benefits, we would like to extract from the action of subsidiaries that are getting merged into the parent company?
- Shobhit Uppal:** No. These are the subsidiaries that own a tract of land in Kolkata, which has been on our books for a long time. As we have been mentioning in our investor interaction, we are now looking to leverage this land. To do that, we have applied for the necessary clearances. And for those clearances to go through amalgamation of this land is required. That is why we have -- we are merging these companies with the parent company.
- Moderator:** The next question is from the line of Samrat Sarkar, an Individual Investor.
- Samrat Sarkar:** So I just wanted to know when do you expect the growth to be in mid-15% or 20% growth annually from the current 10% growth. So from this year onwards or from the next FY '27, you expect this growth to be much better sales growth?
- Shobhit Uppal:** So, the sales growth or top line growth, as I said, between 15% to 20%, it will be there in -- we are extremely hopeful it will be there in the next financial year.
- Moderator:** Ladies and gentlemen, we take that as the last question of the day. And now I would like to hand the conference over to the management for closing comments.
- Shobhit Uppal:** Thank you, everybody, for joining in. Hopefully, we've answered all your queries. If there is any more questions, feel free to reach out to Mr. Satbeer Singh, our CFO, and hope to see you again in a few months' time. Thank you. Bye.



Moderator:

On behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.