

Questions And Answers

Unidentified Participant

(Starts Abruptly) the major issues are land clearance for this GNK letter growth, right?

Unidentified Speaker

Yes.

Unidentified Participant

And sir, what's the outlook on that?

Unidentified Speaker

The other issue is that, that we've not yet been able to start work, we've not mobilized.

Unidentified Participant

Okay. So that any kind of -- you've taken the step, by when we'll start this work on the particular on GNK?

Unidentified Speaker

Whenever they start, we are ready.

Okay. And sir, while looking at this quarterly results, I just -- our employee cost has increased from 5 crores to 8 crores on a Y-o-Y basis, so just wanted to know reason for the increase in employee cost?

Unidentified Speaker

Which is 5 crores vis-a-vis, 5 crores -- which period?

Unidentified Participant

Q3 FY '12?

Unidentified Speaker

FY '12 and Q3 FY '13. I think -- please don't look at it on a quarter-to-quarter basis.

Unidentified Participant

No sir, I'm talking in terms of Y-o-Y, sir.

Unidentified Speaker

At on a nine-month basis are less severe, not even -- it has gone up from 15.75 crores to 21 crores.

Unidentified Participant

Right sir.

Unidentified Speaker

Almost as that.

Unidentified Participant

That is a 33%?

Unidentified Speaker

That's the set of -- that's the result of increase in salary, as well as -- now we looking on from smaller jobs to bigger jobs. Equal scales needed have to commensurate with the capability for handling larger jobs. So we have recruited several people on salaries, which normally wouldn't have given in the past. Our manpower cost have gone up, yes.

Unidentified Participant Unidentified Speaker

Yes, that's right.

Unidentified Participant

Okay. And sir, another question again on the Y-o-Y, that interest in financial charges, that is 2 crore for this Q3 FY '13?

Unidentified Speaker

Yeah. That's right.

Unidentified Participant

Right. So if I compare with the Q3 FY '12 there was no financial charges, so I think this had some reporting -- just to understand, why there was -- other income is also low as compared to Q3 FY '12, so I just need to understand how accounting we have done for interest and the better income?

Unidentified Speaker

Finance cost in the past and now have been met. And I don't -- you see FY '12, a cumulatively four point -- no, FY '12 -- oh, I don't know, there you're right -- in fiscal year '12...

Unidentified Participant

Yeah, we had around 3 crores of finance cost, and other income of 4 crores for FY '12? Hello? Hello?

Unidentified Speaker

Yeah, somebody's mobile is close to the phone.

Unidentified Participant

Hello?

Unidentified Speaker

Yeah.

Unidentified Participant

Yeah, sir.

Our finance cost was at 3.71 crores in the -- whole of last year.

Unidentified Participant

Right.

Unidentified Speaker

In the first three quarters, they have amounted to 4.68 crores.

Unidentified Participant

Right, sir.

Unidentified Speaker

It is going up, we have larger borrowing. And so, our finance cost are going up.

Unidentified Participant

But sir, why there was no finance cost in Q3 FY '12, because I just wanted to know if every change accounting, what to say, that is because if you look at your --

Unidentified Speaker

Well, I don't have the numbers in front of me. I won't be able to answer you.

Unidentified Participant

I'm asking for Q3 FY '12, sir?

Unidentified Speaker

Oh, okay. Yeah.

Unidentified Participant

Q3 FY '12?

Unidentified Speaker

FY '12?
Right. Hello?

Unidentified Speaker

This number at the submission of three elements.

Unidentified Participant

Okay.

Unidentified Speaker

One is, the interest within overdrafts.

Unidentified Participant

Okay.

Unidentified Speaker

Second, I mean, cash traded, that is...

Unidentified Participant

Okay.

Unidentified Speaker

Second is the land guarantees and LCs and so on.

Unidentified Participant

The main charges you're into.

Unidentified Speaker

And we are netted off against the income that we receive against our fixed deposits. In last year, we had a very much higher fixed deposits, three fixed deposits also, even beyond the lean fixed deposits. So -- and in that particular quarter -- this is a hypothesis, I can't confirm it.

Unidentified Participant

Okay.
In that particular quarter, we must add very little cost on this season so on and so forth.

Unidentified Participant

Okay.

Unidentified Speaker

So the interest would have netted off.

Unidentified Participant

And sir, so just wanted to know -- as I go through your September balance sheet, we have a cash of around -- as of September '12, we had a cash balance of around 5 crores -- 52 crores, sorry.

Unidentified Speaker

52 crores.

Unidentified Participant

Yeah, 52 crores cash balance, right. And investment -- we have investment work of around 41 crores. So we must -- we have some kind of income generating out of this investment in cash balance, but that is not reflecting in our other income for this quarter.

Unidentified Speaker

What comes from the -- from our fixed project, as I said, gets netted off...

Unidentified Participant

Okay.

Unidentified Speaker

...but comes from our investment in mutual funds is through gains.

Unidentified Participant

Okay. Those whatever other income we have shown in this quarter is just from the mutual fund again, right? Hello?

Unidentified Speaker Unidentified Participant

The other income which we have shown 0.73 lakhs, that is for -- on account of mutual income?

Unidentified Speaker

I don't think we have any income from mutual fund in this quarter. All our mutual fund incomes comes in Q1, sorry, Q4 and then a little bit in Q1.

Unidentified Participant

Okay. And so sir, it would be great if you can provide a breakup of actual interest cost or OD charges and interest received, because your interest has increased significantly as it compared to the Q3 FY '12?

Unidentified Speaker

We will send that to you, no problem.

Unidentified Speaker

Okay.

Unidentified Participant

Because I wanted to need -- I just wanted to understand that part only.

Unidentified Speaker

If you wanted some other information, which I'm yet to provide to you, send me a mail.

Unidentified Participant

Right, sir. Right.

Unidentified Speaker

I'll answer to that.

Unidentified Participant

And sir, second thing, just wanted to know if you can provide a breakup of working capital, that is, inventory receivable and loans advances as of December '12?

Okay, we'll send that to you.

Unidentified Participant

Okay. And sir, if you can -- the figure is NAV, so what are the cash and debt balance as of December?

Unidentified Speaker

Cash balance is about 54 crores.

Unidentified Participant

4 crores?

Unidentified Speaker

54 crores.

Unidentified Participant

Sorry, sir, 34 or four?

Unidentified Speaker

54, 54.

Unidentified Participant

54 crores. And this 54 is a free cash, right? There is no margin money deposit, or nothing, this is purely cash in hand?

Unidentified Speaker

Not free cash. This includes all our money, which is on -- we had with the bank.

Unidentified Participant

Okay, sir. How much is the free cash out of this? Hello?

Unidentified Speaker

Our margin money we have recently -- that our limits are now -- I think it may be around -- it will be somewhere in the 30 crores to 40 crores. The one that is on the end.

Okay. And 34, (inaudible) and the remaining 14 crore is a free cash?

Unidentified Speaker

That will be a free cash. And our -- what we'll call, investment in mutual funds was about 40 plus crores, 40 crores to 43 crores.

Unidentified Participant

And sir, debt position? Debt?

Unidentified Speaker

Debt and --

Unidentified Participant

Sorry?

Unidentified Speaker

Yeah. I'll just tell you. Bank debt is 40 crores.

Unidentified Participant

40 crores? Okay.

Operator

Excuse me. This is your operator, I'm sorry to interrupt, sir. Could you please come back in the queue for further questions. We have participants waiting.

Unidentified Participant

Surely, surely. Thank you.

Operator

Thank you. Next question is from Deep Shah from Lalkar Securities. Please go ahead.

Unidentified Speaker

Hey, what's your name?

Yeah. I'm Deep. Good afternoon, sir.

Unidentified Speaker

Deep?

Deep Shah, Analyst

Sir, I just wanted to know your opinion on the --

Unidentified Speaker

One minute. Deep Shah from where?

Deep Shah, Analyst

Lalkar Securities.

Unidentified Speaker

L-A -- can you spell that?

Deep Shah, Analyst

L-A-L-K-A-R

Unidentified Speaker

K-A-R?

Deep Shah, Analyst

Yes, it's Lalkar Securities.

Unidentified Speaker

Lalkar Securities.

Unidentified Speaker

Lalkar Securities.

Yeah. Sir, my question is regarding the power sector. What's your view on power sector going forward for the next couple of years?

Unidentified Speaker

Why don't you just tell me that. We are all waiting for things to move.

Deep Shah, Analyst

Okay.

Unidentified Speaker

I think, it's still another year away. But I see the public sector coming back into play, all the state electricity boards are now the power utilities of the states.

Deep Shah, Analyst

Okay.

Unidentified Speaker

Because I see a lot of -- I see some amount of effort being taken by various consulting companies to work on -- wherein the tender documents for lot of the public sector, the state utilities.

Deep Shah, Analyst

Okay.

Unidentified Speaker

We don't see much activity in the private sector at all.

Deep Shah, Analyst

Okay.

Unidentified Speaker

I think the cycle where the public sector is coming back in the power business.

Deep Shah, Analyst Unidentified Speaker

From the power sector?

Deep Shah, Analyst

Yes.

Unidentified Speaker

No, we have not secured any business in the last one year from the power sector.

Deep Shah, Analyst

Okay.

Unidentified Speaker

I don't see a securing business from the power sector for another -- I mean, other than perhaps NTPC, I don't see any other opportunities right now over the next six months.

Deep Shah, Analyst

Okay.

Unidentified Speaker

NTPC -- central utilities, yes; state utilities or private, no.

Deep Shah, Analyst

All right. And sir, one more question is regarding the debt of the company. Sir has mentioned regarding there is -- in all 40 crores tax. So I just want to know the cost of that particular, that servicing tax, if you can give me a details on that?

Unidentified Speaker

Cost on that?

Deep Shah, Analyst

The cost of that?
Interest cost, right?

Deep Shah, Analyst

Yes, yes.

Unidentified Speaker

We have a credit limit with our consortium of bankers.

Deep Shah, Analyst

Okay.

Unidentified Speaker

So the interest that we pay depending on the actual day-to-day overdrawing that we do. And our interest rate is, I think, around 12%.

Deep Shah, Analyst

It's 12%. Okay. Sir, one more thing regarding --

Unidentified Speaker

There would be a quarter percentage difference amongst the various banks.

Deep Shah, Analyst

Okay. Okay, sir. This 12% you are talking about is with the credit limits, with the consortium of banks, right? Hello?

Unidentified Speaker

Yes.

Unidentified Speaker

Yes, absolutely.

Deep Shah, Analyst

Okay. And sir, one more question regarding the previous conference., I asked regarding inventory issuales and working capital requirements. If you can provide any sequel for that?

Yes, we do have work-in-progress.

Deep Shah, Analyst

Okay.

Unidentified Speaker

Which is a major constituent of inventory. The target keeping at the very minimum and traditionally it has been very, very low. At this point of time, we have a job in Mozambique where the payment terms are such, we've got excellent advances.

Deep Shah, Analyst

Okay.

Unidentified Speaker

At ongoing payments, our link not with just supplies but with milestone progresses, which means unlike in traditional jobs the supply part doesn't get paid separately. And not until you do the corresponding construction. Of course, because of this reason we have a very high inventory, which is our WIP is right now around 21 crores.

Deep Shah, Analyst

Okay. And sir, one more question regarding the sir has mentioned (technical difficulty)

Unidentified Speaker

Hello?

Operator

I'm sorry, sir. The participant is not in the question queue. We'll move on to the next question. The next question is from Kamlesh Kotak from Asian Markets. Please go ahead.

Kamlesh Kotak, Analyst

Hello?

Unidentified Speaker

Yeah, Kamlesh.

Yes, Kamlesh.

Kamlesh Kotak, Analyst

Could you identify some of your leading clients in the overseas market, sir?

Unidentified Speaker

In the overseas market?

Kamlesh Kotak, Analyst

Yeah.

Unidentified Speaker

Well, okay. I think Sumbawanga Water and Sanitation, then we have --

Kamlesh Kotak, Analyst

In which country also, if you can identify, sir?

Unidentified Speaker

Sorry?

Kamlesh Kotak, Analyst

Which country also they are from?

Unidentified Speaker

Okay. Well, let me first go to the countries. We have Ghana, we have Tanzania, we have Kenya, we have Ethiopia, Mozambique, Malawi, Fiji, Zambia and Zimbabwe.

Unidentified Speaker

Bangladesh.

Unidentified Speaker

Right. You want a list of -- see these are basically -- lot of them are public ministries of water. Lot of these jobs are in the Ministry of Water from various countries. So I think these -- so only the government of those countries, various

Kamlesh Kotak, Analyst

Okay.

Unidentified Speaker

I cannot give you -- I mean, I can send a list to you, but I can't tell immediately right now. But every -- like you have Delhi Jal Board, you have Bombay Waters, Bombay Municipal Corporation, Bangalore Water Supply. So these are all the different, different towns and different, different cities as the Suraj Boards over there. They all are controlled by their individual country ministries. So there is really the ministry of water in these various countries.

Kamlesh Kotak, Analyst

And sir, how the ordering happens? Is it through tendering or negotiated bids, how is it?

Unidentified Speaker

Public tenders is all World Bank funded or African Development Bank or KfW funded projects. It was a public notice which is available on the Internet and newspapers and we bid against those job. Sometimes there is a pre-qualification requirement, sometimes there is a single bid opening situation, various, but yeah, but it's a public tender, it's a tendering situation and the World Bank is the -- in the final consultant.

Kamlesh Kotak, Analyst

Okay. And sir, the existing order book, what was that existing cycle out there around 1,100 crores?

Unidentified Speaker

(inaudible) like to add.

Unidentified Speaker

I'd like to add one thing to that. We have three jobs from overseas, which are not in this category.

Kamlesh Kotak, Analyst

Okay.

Unidentified Speaker

One of them is -- two of them are from Ghana, privately owned and privately funded. One of them is now -- we are about to hand over the jobs, we have completed it and about to hand it over. The other one is, this customer has not yet achieved financial closure, we are yet to begin work.

For example, the Water Authority of Fiji, we have worked -- we've finished one job there, we are doing a second job there. Then in Kenya, we have the Northern Water Services Board, we are doing a job there. In Ghana, we are doing it for the Upper Volta Authority, these are all government organizations and these are all funded by multilateral agencies.

Kamlesh Kotak, Analyst

Okay. And so, sir, what would be the timeline for execution of the pending projects which we have 1,100 crore plus, over what period it will be executed?

Unidentified Speaker

Two years is a pretty much of an average.

Kamlesh Kotak, Analyst

Okay. And sir, what is the payment term as far as these overseas orders?

Unidentified Speaker

There is generally a 10%, 15%, 20% advance and then balance is net of credit on pro rata basis. So, yeah.

Kamlesh Kotak, Analyst

Okay. And how you see the bidding pipeline and the execution work going forward into FY '14, both domestically and internationally, sir?

Unidentified Speaker

Domestically, I think we are yet to serve in this -- definitely dearth of opportunities and we see severe competition for margins and domestic projects. We don't see, like, when I was talking to Deep earlier, prior to talking to you, there is hardly any movement in the power sector. And I think we also send an information update, you may have seen that.

Kamlesh Kotak, Analyst

Right. Right.

Unidentified Speaker

We were talking about the opportunities and then the percentage breakup of the projects that we have already secured. But we are noticing that certainly the domestic sector, there is a very long delay in terms of jobs being funded, jobs being tendered out, jobs being finally awarded. And I see -- and because there is such a long delay and so few opportunities, competition is struggling as much as we are or more than what we are. And obviously, the competition is about to try and cut other than take jobs. There is -- it is not a good situation in the domestic market. And I don't see really much improvement in the next one year in the domestic market at least.

Kamlesh Kotak, Analyst

So, do you see the margins also -- are going be under pressure and particularly our all existing projects. Is there a fixed price kind of turnover or how is it? Is it price relation close having end up there?

Unidentified Speaker

There -- in some of the antiquity projects there are price relation process, but not in most of the other ones. There is definite pressure on margins, because not only the projects have been delayed, but also recoveries of money has been delayed, people at the -- customers are taking longer to pay, everybody is moving in a very delayed sort of this motion, right. So it's obviously impacting our cash flows also and that does ultimately impact your margins also. So it is -- we're seeing that and -- yeah, it doesn't seem to be getting any better like that.

Kamlesh Kotak, Analyst

So given the situation, what kind of guidance you will give in terms of the top line and margins for the year-end, sir?

Unidentified Speaker

For this year?

Kamlesh Kotak, Analyst

What kind of guidance you will have in terms of --

Unidentified Speaker

See it in our note, 430 crores to 450 crores.

Kamlesh Kotak, Analyst

Okay, for the next year?

Unidentified Speaker

Have you seen this note?

Kamlesh Kotak, Analyst

FY '14, right, sir?

Unidentified Speaker

No, FY '13.

No, I'm talking about FY '14, sir.

Unidentified Speaker

For FY '14, we should improve our top lines by, at least, 10%.

Kamlesh Kotak, Analyst

Okay. And margins would be in the same range as we now have or it'll come up or how it will bent out?

Unidentified Speaker

Margins are under pressure, I mean, that was the first question that seeing the competitive situation, are the margins going to be under pressure? And the answer is very straightforward.

Kamlesh Kotak, Analyst

Right.

Unidentified Speaker

Yes.

Kamlesh Kotak, Analyst

Okay. Okay. And sir, any --

Operator

I'm sorry to interrupt. Sir, could you please come back in the queue.

Kamlesh Kotak, Analyst

Just one. I done to my last question, mam.

Operator

Sure.

Kamlesh Kotak, Analyst

Just wanted to have some sense, can you breakup the order in terms of fixed price contracts and with price variation out of the order book that we have?

Can you please repeat that?

Kamlesh Kotak, Analyst

What is your breakup of the projects, you can broadly categorize as fixed price contracts vis-a-vis price variation contracts?

Unidentified Speaker

No, no, no, fixed price contracts. And within today, business environment is pretty much where we are very comfortable with that.

Kamlesh Kotak, Analyst

So what percentage of fixed price contract, is my question?

Unidentified Speaker

We don't know. I will not be able to answer that question straightaway, because we haven't collected this data.

Kamlesh Kotak, Analyst

Okay. All right. Okay, sir.

Unidentified Speaker

Let me tell you one thing. We have collected this data about a year and a half ago in response to lot of queries. And at that time we found that about a quarter of our orders had revisions for variation on account of escalation.

Kamlesh Kotak, Analyst

Okay. Okay, sir. That's helpful. Thank you, sir.

Operator

Thank you. The next question is from Sanjeev Panda from Sharekhan. Please go ahead.

Sanjeev Panda, Analyst

Yeah. Good afternoon, sir. Just one to add on to the same issue of margin pressure that we can -- you have been mentioning that, how much kind of pressure that you are looking at in terms of, like, what the quantum? One. And second thing is, as you are moving towards international projects now. You mentioned in couple of countries and projects with clients, how is the scenario over there, like, in terms of margin or will it be better or we may also say see similar kind of pressure over there as well? And what could be the blended, like, something like 200 basis point of -

Unidentified Speaker

Well, Sandeep.

Unidentified Speaker

Sanjeev.

Unidentified Speaker

Sandeep or Sanjeev?

Sanjeev Panda, Analyst

Sanjeev.

Unidentified Speaker

Sanjeev. Sanjeev, Technofab in philosophy is very simple. And that is, we estimate all our cost, and we call that a sight net. On top of that, depending upon the competitive position, our appetite, we add our margins, and we usually achieve our margins. The flip, we are fairly cautious. The flip side is, our strike rate is very low.

Sanjeev Panda, Analyst

Okay.

Unidentified Speaker

So I -- if you're looking as an analyst for data on EBITDA margins, I can't provide you that. We don't look at it from that perspective at all.

Sanjeev Panda, Analyst

Okay. So if you can guide us, like, how is the scenario in the international market where you are looking opportunities at this point of time regarding margins?

Unidentified Speaker

I think margins are 100% internationally also, but not as severe as in India. But you got to realize that we're also fighting competitions from countries like China, right, and also local competitions. There is certainly margin pressure there also.

But I think what helps is the terms and condition of the contracts were more balanced and that is where during the project you're able to recover those margins. If you have gone very low, you have to recover those margins during the

Sanjeev Panda, Analyst

Okay.

Unidentified Speaker

I hope that answers your question.

Sanjeev Panda, Analyst

Yes. Yes, sir. Thank you, sir. Thanks. That's it from my side.

Unidentified Speaker

Thank you.

Operator

Thank you. The next question is from Sandeep Panchal from CRISIL Limited. Please go ahead.

Sandeep Panchal, Analyst

Hello?

Unidentified Speaker

Hi, Sandeep.

Sandeep Panchal, Analyst

Hi. Thanks for taking my question, sir. I just missed out at few things which you mentioned about Mozambique project. The payment terms of contacting the material, I just wanted to understand the detail?

Unidentified Speaker

That is a milestone project where you bill once you complete a certain milestone in the project. It is like -- normally, projects will have higher coupon and you bill a certain amount of money. And then, once you install that equipment you bill the balance amount.

Sandeep Panchal, Analyst

Right.

In this, I think both the supply and the vision is merged and it's called a milestone.

Sandeep Panchal, Analyst

Okay.

Unidentified Speaker

Where you reach a certain portion of the job having been completed in the new bill according to that.

Sandeep Panchal, Analyst

Okay.

Unidentified Speaker

Our payment in this one are certainly different from the others that we have been normally executing.

Sandeep Panchal, Analyst

Okay. And so in that context, how much of the total costs, how much percentage we have completed on this project?

Unidentified Speaker

On Mozambique?

Sandeep Panchal, Analyst

I think in this project --

Unidentified Speaker

We'll have to get back on that, I don't have the data in front of me.

Unidentified Speaker

It's just -- it's moving along the project.

Sandeep Panchal, Analyst

Okay. Okay. And the project is going smooth, right?

Yes, contract.

Sandeep Panchal, Analyst

Okay. Okay. Then sir, other question, as you mentioned in your press release, that we have around 350 crore over the project, which are later to be received in a near-term?

Unidentified Speaker

Yeah.

Sandeep Panchal, Analyst

So that 350 crore is your overseas, which we can provide the details as an overseas market or domestic and in which segment?

Unidentified Speaker

One domestic and there is one international in that.

Sandeep Panchal, Analyst

Okay. And sir, if you put some percentage out of 350, a 50% of domestic and 50% of overseas?

Unidentified Speaker

But 150% is approximately domestic.

Sandeep Panchal, Analyst

Sorry, sir.

Unidentified Speaker

250 is domestic.

Sandeep Panchal, Analyst

Okay.

Unidentified Speaker

It is international.

Okay. And in domestic, we are again targeted into power segment or what are -- in electrical segment?

Unidentified Speaker

There is too much to answer. We would like to -- since job is not in-house, we would not like to --

Sandeep Panchal, Analyst

Okay. Right, sir. Right, sir. Right, sir.

Unidentified Speaker

You understand.

Sandeep Panchal, Analyst

And this project, we are bidding on -- Techno has stand-alone bidding, on JV [ph] it's an --

Unidentified Speaker

Stand-alone.

Sandeep Panchal, Analyst

Stand-alone basis. Okay. And sir, as you said in the opening remark, like, we are looking for the JV partners, which is, water project. So in that case, profitability margins will remain same or its kind of a pressure in the JV projects?

Unidentified Speaker

No, I think, we've been looking at our portion of the JV. That's really where we cost -- our cost basis has not changed for that.

Sandeep Panchal, Analyst

Okay.

Unidentified Speaker

Our cost basis remain the same. I don't see much change in that, because it is project which has high cost and requires higher margins or higher technical experience. That is why you have a JV partner. And I think --

Sandeep Panchal, Analyst Unidentified Speaker

You also understand that.

Sandeep Panchal, Analyst

(inaudible) JV just to get a -- of the pre-qualification sort of thing.

Unidentified Speaker

Primarily.

Sandeep Panchal, Analyst

Primarily, right. There is no kind of revenue sharing with JV partner or it may be for a technical fees on things?

Unidentified Speaker

No, we want them in more on the engineering side of it.

Sandeep Panchal, Analyst

Okay.

Unidentified Speaker

That's really the pre-qualification, but the engineering responsibility is that of theirs, right. Like I said, we don't have that process knowledge. They bring the process knowledge to the project and then they are required to do that.

Sandeep Panchal, Analyst

Okay. And sir, another, I think, a basic question. Regarding this order book which you have mentioned is 1,125 crore?

Unidentified Speaker

Yes.

Sandeep Panchal, Analyst

It is as of December or as of January or whatever the date of press release?

Unidentified Speaker Sandeep Panchal, Analyst

6th February, right. Okay. Thank you.

Operator

Thank you. Next question is from Rohit Balakrishnan, an individual investor. Please go ahead.

Rohit Balakrishnan, Individual Investor

Hi, sir. So, I have few questions. And sir, given that the increase in the revenues from the overseas side, so I was going to the annual reports of your previous years, so I don't see that you guys hedge your receivables. So is that a policy or do you see that changing going forward?

Unidentified Speaker

How have you concluded that we have hedged our receivables?

Unidentified Speaker

We don't hedge.

Unidentified Speaker

We don't hedge.

Rohit Balakrishnan, Individual Investor

No, no, that's the question. So you don't hedge? That was the question.

Unidentified Speaker

We are not able to hedge. We will be happy to hedge, if there was a sector we are doing it, but there is no way.

Rohit Balakrishnan, Individual Investor

So I didn't get that point, sir. I mean, you're not able to hedge in the sense.

Unidentified Speaker

Because the nature of our business is such, we are not able to hedge.
Okay, because of the long payment cycles.

Unidentified Speaker

Timing of the inflows are not certain there.

Rohit Balakrishnan, Individual Investor

Sure.

Unidentified Speaker

We can't pinpoint a date on that or even a week before.

Rohit Balakrishnan, Individual Investor

Sure. Sure.

Unidentified Speaker

That's what causes the issue and causes confusion.

Unidentified Speaker

And lot of bankers are after us. They will put a terminal in our office and we should hedge and so forth. We are very cautious in

these things and we have not been convinced that.

Unidentified Speaker

It works for us.

Unidentified Speaker

Hedgeable.

Rohit Balakrishnan, Individual Investor

Okay. Got it. Sir, on other, I mean, related question to what couple of people were asking. So if you look at, I don't have your nine-month numbers with me, but if I remember correctly the working capital, net working capital days in FY '12 was about 80 days, and the last six-month was about 105 days. So just wanted to get your sense, what is your sense on the working capital? Do you see any further deterioration? And if so, what's the stable level? I don't -- maybe you can just talk about the next six to one year and when do you think it will get around stable?

Okay. I don't think there is any instability at all, but I'd suggest just be a bit patient. You know, Sandeep Panchal has been asking a lot of questions and he will be shortly coming out with a report where he will be covering all this.

Rohit Balakrishnan, Individual Investor

No sir, so my question was more around --

Unidentified Speaker

On the working capital.

Rohit Balakrishnan, Individual Investor

Yeah. No, and as a result of this, do you get more debt. The management commentary has been that the company is very vary of taking debt and it has stayed away from debt. So given that, are you looking at taking more debt in the near-term?

Unidentified Speaker

No.

Unidentified Speaker

No.

Unidentified Speaker

We do look ahead for our future -- financial planning for the future and keeping in mind our own objectives and targets for growth. And we have an excellent arrangement with our consortium of bankers. In fact, our consortium has gone up from four to five banks. And whatever is our OD cash credit limit for the next couple of years are well in position. We have not utilized them at all. We still remain within 40 crores.

We continue to have enough free, what should I say, capital in terms of our investments in mutual funds and all this that can be drawn out any time, as well as the cash in bank. We are -- you are right, we are not wanting, we never wanted to leverage ourselves. That -- our debt-to-equity ratio will never go up very high.

Rohit Balakrishnan, Individual Investor

Got it. And sir, just couple of broad-level questions, one data-level and one broad-level question. So if you could just provide some color on the margin differential that you have in the overseas versus the domestic projects. Are they similar in line or are they -- there is a considerable difference?

Unidentified Speaker Rohit Balakrishnan, Individual Investor

Okay. Okay. And sir, one question around your bad debts. So has there been any bad debts in the last one year or last two, three years? Sir, the reason why I'm asking is that, I was going through the annual report and I could not find that, I mean, the line item for bad debts. So just wanted to get your sense on that. And is there any specific reason that why we don't report that, because that's a standard practice?

Unidentified Speaker

Bad debts, I don't think, I'm not aware of it's being reported by other companies. And we shouldn't be -- we are not a banking system that we have to do so many things on NPA. But the question is still very relevant at this point of time at least.

Rohit Balakrishnan, Individual Investor

Yeah.

Unidentified Speaker

Because if we look at our outstandings, nobody has asked this question so far today, but I'm sure somebody is going to ask, what happen to Lanco, right? We've been doing a lot of business for Lanco, they owe us some money. If I were to give you an exact number, they owe us -- hold it, hold it, well, some is -- the amount that is more than 12 months is 4.6 crores. It was the same amount earlier also. There has been no incoming money from them. And we still are hopeful we will get every pennies, but it will be delayed. Here everyone knows what is Lanco's position. Otherwise, we don't really have bad debts. We've customarily not had bad debts.

Rohit Balakrishnan, Individual Investor

Okay. So, it's -- in last, whatever, five-year or six years of operations, you've not really had any bad debts?

Unidentified Speaker

I mean, nothing were very significant. And Lanco was bankrupt and into this dealership or something of that part and we don't get our money, then obviously, we'll have to take a hit.

Rohit Balakrishnan, Individual Investor

Got it. And, sir just one --

Operator

Again, sorry to interrupt, sir.

Just one last question, ma'am. And sir, and this is in line with something that you've had said earlier. So if you look at your EBIT margins or PAT margins also, in the last five, four years, I'm excluding the last nine months, we all know that what the timing is and the environment is pretty bad. But you've been able to increase your margins pretty healthily. And I was looking at the expenditures that you have add in your contracts and raw materials, that has gone down significantly. So anything that you've done specifically there or it's just better management?

Unidentified Speaker

No, no, no, I don't know.

Unidentified Speaker

We'll think about that question.

Unidentified Speaker

We'll have to think about that.

Rohit Balakrishnan, Individual Investor

No, sir. So the reason why I'm asking that question again is, the movement is pretty high. And if there is something that I'm not able to understand by going through annual reports, that's the only reason why I'm asking those questions?

Unidentified Speaker

We haven't done anything special, anything magical to show what we're showing. I think it's the general business project management that we're doing. We're focusing on business, that's what we really do and that's we continually doing that really, right.

We've been -- we've really focus on making money on the project and making sure the project is completed on time, and that's where our focus has been, that could be a result of all of that. There is no special or there is no unusual activities that we have undertaken to show these numbers.

Unidentified Speaker

I think I can add something to that. Hello?

Rohit Balakrishnan, Individual Investor

Yeah, sure. I'm here, sir.

Unidentified Speaker

Your question is that the expenditure on raw materials.
And contracts?

Unidentified Speaker

And contracts. No, then there are nothing to add. Because you see, there is a slight -- traditionally our jobs had a much higher supply component. Our current jobs have a slightly higher construction component. So amount of money that we spent on buying equipment is definitely a little bit less. But then, if you are clubbing it with contract --

Rohit Balakrishnan, Individual Investor

No because --

Unidentified Speaker

We have not even analyzed this.

Rohit Balakrishnan, Individual Investor

No sir, because the worries -- I think in the FY '12 there was some change in the line item that you gave. So that's why I've clubbed it,

because I don't have the previous year numbers. So anyway this is around 75%, if you club all these numbers together?

Unidentified Speaker

Okay. I -- we haven't really analyzed this. But I can only make a qualitative statement that, yes, currently our order book has a higher percentage of jobs in the water sector. And in the water sector, you have a higher percentage of construction in comparison to our traditional jobs.

Rohit Balakrishnan, Individual Investor

Okay. That's helpful.

Unidentified Speaker

Okay.

Operator

Thank you. Next question is from Shreyans Mehta from ADITYA BIRLA. Please go ahead.

Shreyans Mehta, Analyst

Yeah. Hi, sir, and good evening.
Good evening, Shreyans.

Shreyans Mehta, Analyst

Sir, if I would -- I mean, at what margins are we bidding for the new orders? Are at their same levels or we bidding at the higher levels?

Unidentified Speaker

Sorry, what margins are we bidding in the new job are?

Shreyans Mehta, Analyst

Right.

Unidentified Speaker

Nothing different from what we've been doing in the past. But may be slightly lower but not, nothing significantly lower.

Shreyans Mehta, Analyst

Okay, sir. So is that fair to conclude that whatever orders we are bidding going forward, probably say, in the next couple of months, they'll be just to cover our fixed overheads?

Unidentified Speaker

Sorry, what's the question?

Shreyans Mehta, Analyst

Sir, basically, what we're seeing is, if you're seeing on our top line growth of, say, around 10 odd percent, margins would be lower. And now unfixed cost are continuing -- are going to be higher. So basically the new orders which we're bidding are just -- will be taking care of our operating overheads?

Unidentified Speaker

No, we're not shooting for top line only. We're looking for reporting jobs with good amount of decent profit margin. We're not a company which goes up for only top line just to roll over, that is not our philosophy. But having said that, margins are certainly under pressure because of dearth of projects and dearth of opportunities, increased competition.

What impacts the project more is not the margin that you bid at, but I think the delays that take place in the project itself, because of clearances from the customer or because of delayed cash receivables from the customer. Those are things which impact your eventual margin on the project, right and the overhead cost go up, because of such delays. But it is the bidding margin, but it's actually the -

Shreyans Mehta, Analyst

So what I'm trying to understand is, see for example, if you have a 10% -- as you got a 10% top line growth and if eventually the margins come down, so what is the point for us to bid for newer projects?

Unidentified Speaker

Absolutely, right. I mean, in fact, again and again we've been emphasizing that we don't look for top line growth, the sake of top line growth, we don't.

Shreyans Mehta, Analyst

Okay. Okay. And secondly sir, other expenses this quarter have remained flat and quarter-to-quarter have declined, so any specific reason for that?

Unidentified Speaker

No, no, there's no any specific reason.

Shreyans Mehta, Analyst

Okay. Okay, sir. That's it from my side. Thank you.

Operator

Thank you. Ladies and gentleman, due to time constraints that was the last question. I now hand the conference over to Mr. Nirav Vasa for closing comments.

Nirav Dhanraj Vasa, Investor Relations

Good evening. Thank you very much, participants, for attending the call. I would also like to thank the management for giving us opportunity to host the conference call. Sir, would you like to give some closing comments?

Unidentified Speaker

Last time, at this -- in the last conference call at this point of time, we'd asked a question and on the usefulness of this conference call pursuing to that we got a lot of feedbacks and we were advised to issue an information memorandum, which we have issued. I was just wondering that, was it have any advantage, this information memorandum, this participants. This was just issued yesterday afternoon, does participant get a time to go through it? I would love to have feedback from the participants on that.

Nirav Dhanraj Vasa, Investor Relations

Sure, sir.
But I don't think we have any other remarks.

Nirav Dhanraj Vasa, Investor Relations

Sure, sir. In fact, that was really very helpful, sir. Because whatever information is there is absolutely now recorded. So whenever we want to take it, we can take for further analysis from there. Moderator?

Operator

Sure, sir. Should we conclude?

Nirav Dhanraj Vasa, Investor Relations

Yes.

Operator

Thank you very much. On behalf of SBICAP Securities, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Unidentified Speaker

Thank you. Bye-bye.