Management Discussion And Analysis

Global Economy

Since the COVID-19 outbreak was first diagnosed, it has spread to over 200 countries. The global economic outlook was already fragile prior to the outbreak of the coronavirus crisis. The pandemic is negatively affecting global economic growth beyond anything experienced in nearly a century. This shock brings a double whammy: a halt in production in affected countries, hitting supply chains across the world, and a steep drop in consumption together with a collapse in confidence. Stringent measures being applied, albeit essential to contain the virus, are thrusting global economies into an unprecedented deep freeze state, from which emergence will not be straightforward or automatic.

Estimates so far indicate the virus could trim global economic growth by 3.0% to 6.0% in 2020, with a partial recovery in 2021, assuming there is not a second wave of infections. The economic fallout from the pandemic raises the risks of a global economic recession with levels of unemployment not experienced since the Great Depression of the 1930s. The human costs in terms of lives lost will permanently affect global economic growth in addition to the cost of rising levels of poverty, lives upended, careers derailed, and increased social unrest.

Indian Economy

In order to curb the spread of the COVID-19 virus, the Government of India announced a nationwide lock-down starting March 25, 2020 which continued for about two months. Subsequently from end May to early June onward the lock-down was gradually relaxed in a phased manner but continued in high-risk zones or containment areas. This was required given the uneven spread of the pandemic across the country and also given the tremendous hardship that the nationwide lock-down had begun imposing on the overall economy. With the continued surge in cases, after an initial phase of relaxations in June, the nationwide lock-down was extended till July 31 albeit in a less strict manner compared to the lock-down of March 24. The unprecedented lock-down has had a significant adverse effect on the economy. Millions of jobs and livelihoods are now at stake.

As activity around the country came to a halt, with no job or income, more than 50 million migrant workers either returned to their native villages or shifted to camps inside the cities because state borders were sealed. While there are reports of some of them returning back to the cities now in search of jobs and livelihoods majority have not yet come back thereby imposing a massive strain on labour supply in the urban areas. At the same time, there has been a complete collapse of consumption demand as millions of people stay home and postpone their non-urgent and non-essential expenditures.

The Indian economy was already in a parlous state before Covid-19 struck. With the prolonged country-wide lockdown, global economic downturn and associated disruption of demand and supply chains, the Indian economy is likely to face a protracted period of slowdown. The overall magnitude of the impact of the pandemic will depend upon the duration and severity of the health crisis, the extent to which intermittent lock-downs are required in different regions of the country and the manner in which the situation unfolds as and when the nationwide lock-down is finally lifted and normal economic activity is permitted. The loss to the economy has already been substantial.

The latest projections of GDP growth for the Indian economy in FY21 range from -3.2% (World Bank), -0.5% (Nomura and Goldman Sachs) to 0.8% (Barclays) and 2.5% (Moody's) with the median growth rate at 0.30%. The IMF has projected India's FY21 growth at 1.9%. The World Bank now expects India's economy to contract 3.2% in the current fiscal year, a sharp downgrade from its April projection of 1.5% to 2.8% growth, citing stringent lockdown and spill overs from weaker global growth. If the social distancing measures remain in place for a relatively extended period and it takes time for business and consumer confidence to return and normal business operations to resume, then GDP growth in FY21 might well be toward the lower end of the range.

Indian Construction Industry

The Indian Construction Industry is one of the largest sectors after agriculture sector in our country. The Indian Construction Industry is the second-largest employee after the agriculture sector and employs potentially around 51 million workers. It is one of the major source of job for the unorganized sector of Indian labour market. Construction sector comprises six sub-sectors - housing, industrial, commercial, retail, social and hospitality. Thus, the growth of this sector is in direct correlation with the growth of the overall macro-economic environment.

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The construction industry is an important indicator of the development as it creates investment opportunities across various related Sectors/Industries. The Indian Construction industry plays a very important role in its economy contributing to an average 6.5% of the GDP. In the year 2019, India's Construction sector had a contribution of over 2.7 trillion Indian rupees to the Country's GDP and accountable around 60% of the total plan outlay. The construction industry has forward and backward linkage to more than 250 allied industries and any upward movement of the construction industry would therefore naturally affect the fortune of these industries also and ultimately result in the economic growth of the whole country.

The COVID-19 outbreak has not only adversely impacted the global economic scenario but also the Indian construction industry. Work on many of the ongoing construction projects was halted amid national lockdown. The January to mid-June period is most crucial for construction companies as most of their orders fructify. July onwards, the monsoon hinders building activities. In 2020, this most productive season for construction has been severely affected by the contagion and the lockdown. Now, getting an adequate workforce immediately for various construction projects have become a challenging task.

Even though construction has been one of the few activities that have continued to function to some extent during the months of lockdown, the industry is expected to slow down in the short term as governments face rising deficits and residential and commercial projects are adversely affected by unemployment, salary cuts and shrinking GDP growth. Budget deficits will be impacted by government spending to address the COVID-19 pandemic, making it more difficult to publicly finance infrastructure. Thus, policies that facilitate private project investment will become even more important for sustaining the growth of the construction sector.

In any case, the economic consequences of the COVID-19 crisis on the construction sector will depend on factors that interact in ways that are hard to predict, such as the pathway of the pandemic, the intensity and the effectiveness of containment efforts and the repercussions of the tightening in global financial market conditions, among others. According to GlobalData, a leading data and analytics company, outlook for India's construction industry has worsened, with the industry now expected to contract by 7.5% in 2020, as the weakness carried over from 2019 has been compounded by the long COVID-19 lockdown.

Though the work at most of the project sites have resumed, building activity remains far below pre-lockdown levels and it's set to remain so for some time due to non-availability of adequate labour force (who have migrated to their native places in the wake of pandemic) and ongoing monsoon season. COVID-19 safety requirements, such as physical distancing on worksites, have also been a handbrake on how fast work can occur. Those restrictions are likely to be in place for an extended period.

However, COVID-19 has also triggered negative sentiments towards China across many countries. Many MNCs who have manufacturing bases in China are now evaluating other options to shifting their production base. India, being a low-manufacturing hub, is a practical option to them. Also, the risk from being associated with the democratic government-driven country is lesser than the non-democratic government-driven country. This can pave the way for more construction of industrial projects, manufacturing clusters and factories and thus boost growth for the Indian construction sector. Further, Government's call for 'Make in India' and an 'Atmanirbhar' India could lead to making India a global manufacturing hub of high-quality products for both domestic consumption and for export to world markets, indirectly leading to an added impetus to the overall construction sector.

While the construction sector is the key to India's economic revival, major issues like unavailability of man, material, and machine (3Ms), in the post COVID world, will assail the industry. This will drive the industry to adapt to the new normal by digitizing their construction processes and using technology to better manage the 3Ms.

Indian Real Estate Industry

The COVID-19 pandemic has also badly affected the real estate sector in India, which was already struggling with several issues including sluggish sales. Even before the pandemic, inventories were growing faster than sales while prices had not been growing since 2014. The builders' cost of construction and finance costs were increasing but the credit flow in the market was reducing. The growth in sales was 20-25% at an all-India level but the growth in inventory from 2014 till now was around 2.5 times. The builders' commitment to produce had increased but the sales hadn't increased in tandem, making it unsustainable. Thus, Indian Real Estate Industry was already on a slippery curve before the pandemic.

In the Real Estate sector, survival is a major issue today for most of the developers and builders. The Government has come up with a good relief package and infused some much-needed liquidity and positivity into the market, but the current calamitous situation calls for more drastic measures and solutions that would be sustainable for the long-term. Over and above all this, the need of the hour is a real-time collaboration between developers, contractors, OEMs, rental companies, and financial institutions for the revival of stalled projects.

The lockdown had adversely impacted the demand for the real estate sector. Although now, there's a partial opening, it is insignificant as the real estate activities haven't started. Workers have gone away, and consumers are highly sceptical about buying, given the turmoil in the employment market, COVID led salary cuts and also partly due to the increased execution risk in under-construction properties. The fear is that that this situation may continue to linger on because the numbers of COVID cases are still increasing.

The builders are rationalizing their costs through salary cuts and layoffs due to declining revenues. To ease inventory pile-up and cost overruns, many players have already topped off discounts with added incentives such as booking amount refunds, statutory fees waivers, cashback schemes, easy payment structuring, and assorted freebies. However, the government also hasn't implemented major demand-side interventions. The 20 lakh crore rupees worth of stimulus announced by the central government is just supply-side intervention and the demand-side is still at a standstill.

Outlook for Indian Construction and Real Estate Industry

Phased unlocking and resumption of manufacturing industries are welcome developments for the construction industry. The construction sector is expected to post gradual recovery over the medium term with building activities picking up momentum over the remainder of the year. However, labour shortages will continue to pose challenges for the segment, and we might have to provide higher wages and ensure adequate housing and safe conditions to attract workers.

The Union Cabinet revised the definition of micro, small, and medium-sized enterprises (MSMEs) and brought an even larger number of businesses in the medium enterprises category. The Medium Units are now defined as companies with up to Rs. 50 crore investment and turnover of Rs. 250 crore. This revision in definition also led to classification of our company under MSME category. MSMEs were given significant attention in the "Atmanirbhar Bharat Abhiyaan" stumulus package worth Rs. 20 trillion announced by the Central Government. Collateral-free loans worth Rs. 3 trillion were announced for 4.5 million MSMEs, which would be guaranteed by the government.

An additional Rs. 500 billion liquidity support was announced for distressed MSMEs, including small real-estate businesses and construction material suppliers. The stimulus package also incentivized affordable housing through an Rs. 700 billion worth extension of the Credit-Linked Subsidy Scheme (CLSS) for the middle class. The RBI provided additional liquidity support by cutting the repo rate by 40 bps to 4% and the reverse repo rate by a similar margin to 3.35%. Both the EMI moratorium on term loans and the deferral on working capital interest payments was extended up to 31st August to support households and small businesses. These steps were in addition to the liquidity support worth 3.2% of GDP that the RBI had provided in March and April.

Deferral of working capital payments will provide considerable relief to MSMEs. The loan support for MSMEs, change in definition of MSMEs and liquidity support for lower-rated NBFCs shall provide adequate funding to small enterprises, including in real estate. However, the government will have to ensure that banks disburse the funds in a timely manner for the stimulus to have the necessary impact.

Many developers are providing incentives such as price protection plans and pre-EMI waivers to drive sales. This is set to continue over the medium term. Home loan rates are extremely attractive at present, in line with the historically low repo rate. This, coupled with developers' incentives and extension of the EMI moratorium, is a good opportunity for homebuyers with secure incomes to enter the residential market.

The sluggishness in new residential launches is expected to continue through coming 2-3 quarters on the back of uncertainty due to COVID-19 outbreak and this will delay approvals for new projects in the near future. The recently announced extension of completion deadlines of RERA-registered projects is expected to provide relief to developers and under-construction projects. But this also means that many developers will hold back their planned launches for the next 3-6 months with completion of old projects remaining a priority.

With falling interests rates coupled with incentives and initiatives offered by the government, it is expected that the real estate market towards end of 2020 during the festive season, which will bring favourable sale opportunities in residential markets, lending much-needed buoyancy to the construction sector. Going forward, developers are expected to cater to the rising demand for flexible homes, with spaces which can be used as private office or classrooms, keeping in view the growing trend of remote working and learning. Capital values, particularly for ongoing projects, are anticipated to rationalize in the medium term.

To boost the stagnant real estate market hit by COVID-19, the Maharashtra (which is our core area of operations) government recently decided to temporarily reduce stamp duty on housing units from 5% to 2% until December 31, 2020. The move will provide an incentive to end-buyers to buy homes and foster demand creation along with giving a stimulus to the allied industries coupled with employment generation. This will certainly stimulate the housing demand and help in converting inquiries into the sales closures. Moreover, with this inducement coupled with the festive season, we expect demand to pick up significantly which will provide a huge respite not only to home buyers but also to developers who have been suffering amid low demand and limited cash flow availability due to COVID-19.

Company Profile:

Generic Engineering Construction & Projects Limited (Generic/the Company) is Mumbai-based construction company engaged in the construction of residential, industrial, commercial and Institutional buildings with presence in Navi Mumbai and Mumbai Metropolitan Region (MMR). Generic offers general contracting, design-build; engineering, procurement and construction (EPC); and project management consultancy (PMC) services. The company's forte lies in executing projects having a ticket size between Rs. 25 crore to Rs. 100 crore. The company has expertise in building data centres, hospitals, schools, all types of industrial and residential buildings. The company is a pioneer in building cold storages. The company has the highest market share of contracting business in the fastest growing market of Navi Mumbai, where the company has delivered more than 300 industrial buildings. The company also provides designing and engineering services for architecture, structural, electrical, mechanical, HVAC, plumbing and sewerage, fire protection, building management, and infrastructure works.

Mr. Ravilal Patel, the founder, started the civil contracting business in 1967 in the name of Generic Enterprise. In 2004, the company was incorporated as Generic Engineering and Construction Pvt. Ltd. In 2013, the company ventured into cold storage projects with temperature range up to -40° C. In 2015, the company executed its first Design & Build project. In 2016, the company received first order from Reliance Foundation to build Kokilaben Dhirubhai Hospital at Navi Mumbai, which was completed in 2018. Post that, the company got back-to-back orders to build hospitals from Reliance Foundation.

In 2016, Generic Engineering Construction and Projects Ltd. (GENERIC) was listed on BSE via reverse-merger process, by acquiring Welplace Portfolio and Financial Consultancy Services Limited.

Business Operations

We are one of the leading general contracting companies in India with a focus on undertaking projects having a ticket size of Rs. 25 crore to Rs. 100 crore (in the past ticket size used to be Rs. 5 crore to 75 crore). The outstanding Order Book as on 31st March 2020 stands at over Rs. 965.60 crore. The company's major operations are in Navi Mumbai area and the primary source of revenue is from construction of building industrial & residential buildings. We have expertise in building all types of structures including industrial, commercial, residential, hospitals, educational institutions, data centres etc. The company focuses on 6 verticals namely, Residential, Health & Leisure, Educational Institutes, Commercial Spaces, Industrial and Special Projects (Pharmaceutical & Cold Storages). In Navi Mumbai area alone, we have delivered more than 300 industrial buildings. On an average every year we execute 10 to 12 projects in Navi Mumbai alone. We have also undertaken the construction of many showrooms for reputed passenger vehicle companies like Maruti Suzuki Ltd., BMW India and Toyota India.

We have three delivery models for executing projects, namely, EPC, General Contracting and Project Management Consulting (PMC) / Design & Build. General Contracting is a widely accepted contracting method. In General Contracting, the company takes charge of the entire project from inception to completion. Responsibility includes core and shell construction along with finishes, internal infrastructure, MEP and specialized services like Elevators, Landscaping etc. EPC is holistic service delivery model where the company provides all architectural / engineering design services, scheduling activities, procurement, construction, installation and commissioning resources etc. under one roof. Under Project Management Consulting Company's involvement begins much prior to the laying of foundation of the project. Activities are broadly classified in clearly defined phases of the project's lifecycle. We meticulously monitor each stage for all constraints including cost, quality and time.

Strengths & Opportunities

We have the highest market share of contracting business in the fastest growing market of Navi Mumbai. In the ticket size that the company operates, there are very few organized players. We also have higher pricing power and enjoy healthy margins. Your company is a preferred choice for EPC, General Contracting and Design & Build. The company is known for timely execution of projects. Till date, no penalty has been levied on the company for execution delays and the company has history of zero accidents.

We have dedicated to achieving cost & time optimization. The company has close association with leading architects and consultants. Most of the clients approach the company again, for undertaking any expansion work. The company has not faced litigations from any client since last 50 years nor faced any arbitration with any client. We are one of the four vendor companies short-listed by IKEA. A lot of companies couldn't match the criteria set by IKEA, which Generic was able to match.

We are a pioneer in building cold storages. We have expertise to build cold storages up to the range of -40° C. Till date, the company has built more than 80 cold storages, including the biggest one in Mumbai. The company has invented deep blasting freezer for cold storages. Reliance Foundation plans to build more than 40 hospitals at different locations in India, out of which the company has already bagged orders for building 5 hospitals.

The company's strength lies in effective man-power sourcing. The company's financial position is robust. The management believes in most efficient utilization of funds.

Business Strategy

Our Order Book is dominated by Commercial & Industrial projects and high-rise residential projects wherein margins are better, and competition is low. Only a handful of players compete with us in this space.

Due to strong emphasis on speedy construction using new advanced technology, we have quickly gained a reputation for timely execution, enabling it to grow its pre-qualifications and bag repeat orders from clients.

Most existing orders originate from reputed and repeat developers. We have also ventured into northern and southern India, with significant possibilities of mining a larger share of our Order Book going ahead.

Supported by strong credentials and a huge order backlog, the company remains selective while taking on new projects with a focus on quality and financial health of the client as well as the project's margin profile, vertical and geography.

We focus on small ticket-size projects because of the following advantages: -

- Very few organized players
- Margins are on higher side
- Risk factor is limited, for if the project gets stalled, it will not adversely affect the company
- Diversification with number of clients
- Better Working Capital cycle
- Better Contractual terms

Our in-house execution team, technical team, contract team – have made a marketing strategy that the ticket-size of the projects is restricted, so that the risk factor is also minimal. They structure the tender is such a way that the mobilization advance, and bank guarantee is utilized minimally.

We are also undertaking a few projects on a unique business model on pilot basis which reduces Working Capital requirement. In such projects the company and its client have a joint escrow account with joint signature authority. The fund in the escrow account is utilized for the said project only. This model, based on trust, brings in transparency and helps reduce non-fund-based requirement.

Our business is asset-light and not capital intensive as most of the equipments required for constriction operations are taken on lease basis. As such, we have a healthy balance sheet.

We have tie-ups with many labour contractors with whom the company enjoys long standing history of strong relationships. This helps the company to take up multiple projects across multiple locations in Maharashtra.

Our company singularly focuses on its six verticals. The company's core teams have their own respective expertise on each vertical handled by them. These team are given complete charge of individual verticals. They can bid for projects anywhere in India in their vertical, provided the size is with the prescribed ticket-size. The team executing school projects, hospital projects, hotel projects etc. focus only on their verticals. This leads to expertise and timely execution of projects.

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Business Outlook

COVID-19 outbreak has ushered in a host of challenges across all industries. No industry is immune to this crisis and construction sector is no exception. Despite, low interest rates, the residential sector is likely to witness fall in demand due to weakening private consumption amid declining consumer sentiments and poor employment market. At the same time, our specialty lies in construction of projects for commercial and industrial sectors, which are likely to see a strong revival in economic activities in H2FY21.

We are gradually scaling up our execution, post the graded lifting of lockdown, though shortage of labour remains a key constraint as of now. We expect the work to normalize in second half of this fiscal year. At the same time, to mitigate the issue of shortage of manpower, the company has started bidding for projects in the northern states of India, where the majority of labourers have migrated. We are also aggressively bidding for new projects, especially in the public sector, to build a robust order book, so that we can make up for the revenue lost during the lockdown, in the coming quarters.

Most of our clients have provided the necessary extension in timelines for the completion of projects under construction. The company is also in negotiation with clients for considering the escalation in project costs and making submissions for claiming the necessary compensation thereof. Also, major part of our order book constitutes of non-residential projects like warehousing, cold storages, factories etc. which have not been significantly impacted by the pandemic. Importantly, one of our major residential projects, includes the construction of staff quarters for Maharashtra State Police Housing & Welfare Corporation Limited, which is for self-consumption.

With increased spending on healthcare facilities from Government as well as Private Sector, in the wake of COVID-19 pandemic, we are likely to witness construction of more hospitals and clinics, which has been our forte. Secondly, with agriculture sector expected to post record growth, we expect to see a surge in demand for cold storage facilities, warehousing facilities and factories from food processing industry. Construction of such projects has been our core strength and we hope to cash on these opportunities.

On back of policy support and "Atmanirbhar Bharat Abhiyan" stimulus package announced the Government of India, we expect a strong revival in capex especially from MSMEs, which shall provide impetus to construction of factories, warehouses, storage facilities etc. With Generic specializing in construction of the above-mentioned amenities, we expect to post a steady growth in our revenues in the forthcoming quarters of FY21.

Increased government spending on rural housing, Pradhan Mantri Awas Yojana, Pradhan Mantri Gram Sadak Yojana and other key infrastructure projects is expected to provide the much-needed boost to the construction industry. Going ahead, we will give more impetus to orders from the public sector, given that the Government and public authorities are expected to focus on increasing their spending on various construction projects to revive the economy. We are now actively bidding for public sector projects and we expect to book healthy order inflows from the government projects.

Despite the pandemic, the business opportunities in our operating region of MMR have remained promising and we expect the momentum of order inflow, especially in industrial, infrastructure and other sectors to continue. It is our continuous endeavour to add orders from existing and new clients, both in public and private sector and we are confident on further consolidating our order book.

With robust order book and the recent order inflow of about Rs.102 crore, we expect to see the turnaround in the growth profile of the company in the second half of FY21, as the construction activities pick-up, post the end of monsoon season. We expect majority of labourers to return to work towards the end of Kharif season in September 2020.

Simultaneously, we have initiated cost measure programs to reduce our fixed cost. Also, with developers looking to complete their projects at faster pace, given the time lost during the lockdown, we expect to witness increase in the per sq. ft. price realizations for some of the construction projects. These should enable us to protect our operating margins.

As a company, we continue to focus on medium size projects of Rs. 25 to Rs. 100 crore. Industrial projects, on an average, are completed in 12 to 18 months. While residential projects are executed over 3 to 4 years. This provides the company a robust revenue mix.

We have now built capabilities that they can undertake design in-house and undertake turnkey projects in the six verticals the company operates in. A lot of company's repeat clients are demanding that the company also design their projects.

The recent trend that can be observed is that clients are now seeking that even small-ticket size projects be undertaken by organized players. However organized players are only in big ticket-size projects. Thus, we have better bargaining capacity and is able to charge premium and benefit with higher margins.

Our clients include some of the marquee names like Aditya Birla Group, IKEA, Kolte Patil Developers Ltd., AND Design, Aarti Industries Ltd., Glenmark, Toyota, Bharat Electronics Ltd., Mazgaon Dock Limited, Reliance Health Solutions Pvt. Ltd., JSW Steel Ltd., etc. With significant execution experience and a highly qualified team coupled with necessary certifications, we are on a smooth path to grow revenues and profitability.

We have the largest market share in industrial and residential segments in the Navi Mumbai region and therefore earns slightly higher margins vs. peers. In the MIDC estates of Navi Mumbai, we have built a formidable reputation, having executed more than 300 industrial and special projects just in that particular belt.

Despite the industry facing multiple headwinds like RERA, GST and demonetization, we have grown at a very fast pace. The company's sales has witnessed a CAGR of 20.35% from Rs. 138.32 crore in FY18 to Rs. 200.36 crore in FY20. In the same period PAT had witnessed CAGR of 31.91% from Rs. 11.50 crore in FY18 to Rs. 20.01 crore in FY20. A key driving factor was the company's ability to secure repeat orders from clients given its strong brand recall on account of its on-time project delivery, presence of very few organized players and good connect with developers.

So far, our operations were primarily confined to the geographical location of Maharashtra. We now plan to diversify to other geographical areas like North India, Gujarat etc. provided we get order in the segments in which they operate. We also plan to increase geographical presence while undertaking hospital projects in other regions. Mass Affordable Housing is another vertical which we will target in the Navi Mumbai region, as affordable housing is likely to enjoy a very wider market, in the post-COVID world.

We also plan to target government contracts in industrial segment from the likes of DRDO, Defence etc. We plan to undertake projects with complexity where in spite of it being a government contract, margins are not squeezed. We will also target industrial corridor of Gujarat for projects with ticket size of Rs. 25-30 crore.

We are also adopting technologically advanced construction equipment to make up for the time lost and complete stalled projects. In the near future, we have plans to undertake construction projects using Ready-mix Concrete (RMC). RMC is a relatively nascent market in India accounting for only about 0.5% of the total construction undertaken. RMC is ready-to-use concrete blend of cement, sand & aggregate and water mixed in convenient proportion. It was first launched in Mumbai a few years ago and is gaining ground in other metros as well. RMC is a corollary to bulk handling and transportation of cement. It has several advantages. It is produced under controlled conditions and hence has consistency in quality, and it can be directly powered in the required form which would not only save time but also would improve the quality of construction. In the post-COVID world, use of RMC could become the harbinger of change for the overall construction sector.

Financial Highlights

We are satisfied to have delivered a healthy financial performance in FY20, despite the challenging environment.

Company's revenue from operations stood at Rs. 200.36 crore in FY20 as compared to Rs. 202.01 crore in FY19. In FY20, we recorded EBITDA of Rs. 29.16 crore viz-a-viz Rs. 29.29 crore in FY19. PAT stood at Rs. 14.54 crore in FY20, in comparison with Rs. 15.63 crore in FY19. We are pleased to have maintained our operating margins at a healthy rate of 14.6% in FY20 viz-a-viz 14.5% in FY19.

Our FY20 performance was impacted on account of heavy monsoons in Q2 and early part of Q3 as well as disruption in operations in Q4 due to the pandemic, leading to slow execution in many projects.

In FY20, Residential segment (legacy business) contributed about 44% of the revenue, commercial & industrial segment constituted 30% of revenue, health & leisure segment constituted 08%, special projects contributed 10%, while educational contributed the remaining 08%.

Your company incurred a capex of Rs. 35.57crore in FY20 towards Ms Centering (SystemsFromwork), Office Premises, Machinery, Motor Car etc. The Debt/Equity ratio as at March 31, 2020 stood at 0.23. The company has cash and cash equivalents of Rs. 9.47 crore.

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During FY20, the company received the following orders: -

- Order worth Rs. 181.95 crore (including GST) from Maharashtra State Police Housing & Welfare Corporation Limited (MSPHWCL) for construction of Type II – 448 staff quarters for C.P. Mumbai at Marol, Mumbai. The project is to be executed in 30 months
- Order worth Rs. 60 crores (including GST) from MSPHWCL for construction of 118 police quarters, Dy. Commissioner of Police office building and Nizampura Police station at Bhiwandi, District Thane of C.P. Thane. The project is to be executed in 18 months
- Order worth Rs. 15.21 crore (including GST) from Milagro Infrastructure Private Ltd. (IBIS) for construction of hotel "IBIS Styles" at Vagatore, Goa. The hotel building involves construction of Ground plus 3 Floors and constitutes 136 keys. The total construction area is approximately 86,000 sq. feet. The project is to be executed in 12 months

Company's orderbook as at end of March 31, 2020 stood at Rs. 965.60 crore. Residential segment contributes ~75.02% of the orderbook, Commercial & Industrial contributes ~11.22%, Health & Leisure contributes ~5.63%, Special projects contributes 4.12% & Educational Institutes segment contributes ~4.01%. Top 5 orders contribute Rs. 620.10 crore to your company's order book representing 64.22% of the outstanding orderbook as on March 31, 2020.

Book to Bill ratio as at end of 31st March 2020 stands at 4.82. With the avg. execution timeline for Industrial and other projects at 12 to 18 months and for residential projects at 3 to 4 years, we have a robust revenue mix.

In FY21, the company has so far booked new work orders worth Rs. 158.95 crore (excluding GST) for various institutional projects from various clients, which includes a project of Rs. 30 crore (excluding GST) for construction of school from Aditya Birla Group and 57 crore (Exculding GST) for construction Civil Structural, Architectural and External Development Work for CTRLS in Mumbai.